

NEWS SUMMARY

GENERAL

Uganda troops 'face attack'

Vauxhall workers agree pay deal

Tanzania said last night that it had launched a major offensive against Ugandan troops which have invaded its territory. The move came after the Tanzanians failed to cross the Kagera river, when, according to the Ugandans, their boats were destroyed.

In Rhodesia, black nationalists guerrillas attacked a house eight miles from the centre of Salisbury, the first raid within the city's boundaries. An elderly woman was seriously wounded. Page 2

Gaullist move

The Gaullist RPR Party, largest member of the ruling French coalition, has called on the EEC heads of government to make clear that a directly-elected European Parliament will not be given additional powers. Back Page

Sir Henry Plumbe, president of the National Farmers' Union, is expected to announce on Thursday that he is giving up the post to seek a Tory nomination for the European Parliament.

Cenotaph march

The Queen and members of the Royal Family laid wreaths at the Cenotaph in Whitehall in tribute to the dead of two World Wars. Later, the National Front marched through Westminster to hold a Cenotaph service. Anti-Nazi League supporters tried to force their way through a six-deep cordon of about 2,000 police men. Though constables lost helmets, there was no serious trouble.

SNP chief quits

Mr. William Wolfe, Scottish National Party chairman, is to resign after 11 years, but will accept nomination as party president. He said his decision had nothing to do with the party's vote against the Government on the Queen's Speech, against the wishes of its executive.

Indira arrives

Demonstrators and supporters of Indira Gandhi, the former Indian Prime Minister, failed to catch a glimpse of her at Heathrow, arrived for an eight-day visit. Her car, under heavy police escort, was driven through a cargo tunnel. Asked whether she planned a political comeback, Mrs. Gandhi replied: "Come back? I have never gone."

Benefits go up

Old age and widows' pensions, sickness and unemployment benefits, and all other social security benefits go up from today when the annual revaluation of benefit levels comes into operation. Back Page

Ward wins prize

Mr. George Ward, managing director of Grunwick, the film-processing company which was the scene of a two-year dispute, has won a £500 Ross McWhirter award, given for "the exercise of personal initiative and leadership."

Missing out

Miss Tunisia may be dropped from Thursday's Miss World contest after she failed to appear in tee-shirt and shorts for a parade at London's Waldorf Hotel. Malak Nenlagui said she was told: "Take off your yashmak or you are finished."

Briefly

This year's Beaujolais, available from Wednesday, is excellent, according to French Premier Raymond Barre. Stocks are expected to be plentiful.

Mother and babies

Mothers and babies were rescued when fire broke out near the maternity wing of St. Peter's Hospital, Chertsey, Surrey.

Police are investigating

a barn fire which caused £1,200 worth of damage at Galcoumb Park Farm, Princess Anne's estate near Stroud, Glos.

BUSINESS

UK to claim present monetary system scheme unworkable

BY SAMUEL BRITTON and PETER RIDDELL

The Government will justify its almost certain decision not to join the proposed European Monetary System on the grounds that the scheme is at present in an incomplete and unworkable state.

The Prime Minister is expected to base his statement to other EEC Heads of Government at their summit meeting in Brussels in three weeks' time on the following points:

1—The studies started after the Bremen Summit in July have not yet succeeded in resolving all the technical and economic problems.

The scheme likely to be agreed is too similar to the present European joint float, the Snake, to be durable, in view of the economic differences in the EEC.

The system will be in a complete and workable state only when a concerted strategy for economic convergence and a better balance of resource transfers in the Community have been agreed.

2—The studies on the proposals should continue next year, and when they have reached a successful conclusion the UK will be ready to join. The timing will also depend on when the UK's economic performance, especially its inflation rate, shows signs of a support in principle of Sigfried Andorotti the Premier.

3—Britain will not seek to hold up the start of the system, even

though at present it amounts to be devolved to an enlarged Snake. This while the UK participated reflects a recognition of there might be a more general realignment.

Indeed the Italian Socialists have said that Italy should not join without the UK, while the Communist Party is opposed to the present proposals.

The Irish decision still appears finely balanced after last week's visits to Paris, Bonn and London by Mr. George Colley, the Irish Finance Minister.

The Irish Government wants to be a full member, and has received some rather indefinite assurances from Bonn about an increased transfer of resources to the Republic.

But there would be considerable difficulties, notably over exchange controls, if Ireland joined and the UK did not, so Mr. Colley told Mr. Healey last week that Ireland would prefer not to suffer the disruptions that would follow a detachment of the Irish pound from sterling.

A British decision against entry has become even more likely in the last week following the signs that a majority of the EEC definitely backs a tighter

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Ireland and the "supersnake"

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IATA chief's warning to U.S.

By Michael Donne,
Aerospace Correspondent

GENEVA, Nov. 12.

A BIG confrontation is likely between the world's airlines and the U.S. Government if the U.S. pursues its present "unconventional free trade convictions" and tries to impose them on foreign countries.

This warning is given by Mr. Knut Hammarkjöld, director-general of the International Air Transport Association, in his annual report on the state of the world air transport industry to be presented to the annual meeting of the association in Geneva tomorrow.

Mr. Hammarkjöld's views have been given added point by the resignation from IATA of Delta Air Lines of the U.S., the third largest airline in the Western world, which could be joined by similar decisions by other big U.S. airlines.

Delta's decision stemmed from its belief that IATA now has a "reduced effectiveness" in view of changing world market conditions, especially where fixing is concerned.

Mr. Hammarkjöld tells the 103 member-airlines that the "sweeping wind of change" in the U.S. has already resulted in greater competition and cheaper fares on domestic routes there.

The U.S. was now trying to extend this policy into the international market-place, even where conditions were not ripe for it, with the result that there could be "confusion and confrontation" with the airlines, resulting in long-term damage to the air transport system.

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where conditions were not ripe for it, with the result that there could be "confusion and confrontation" with the airlines, resulting in long-term damage to the air transport system.

The objectives of the new American negotiating policy "which appear as a blend of liberal idealism and commercial market-share policy" had been formally set out during 1978.

They involved international de-regulation in air transport, increased competition, more scope for charter flights, no restraints on the number of seats offered, and minimum Government involvement in setting fares.

In addition, it was possible that the U.S. would seek to impose its anti-trust laws on the world's airlines by claiming that their membership of IATA's fare-fixing conferences were contrary to the public interest.

The U.S. Civil Aeronautics Board had already issued a "show cause" order, finding that the IATA traffic conferences were no longer in the public interest and should no longer be held.

The move comes only six weeks after the group reported that its British, Irish and German tyre companies had made losses in the first half of 1978.

Only the French tyre operations made a small profit.

Production does appear to be on the increase again, however, with yesterday's output said to be 2.3m barrels and three supertankers loading at the main

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Iran oilfields strike may end shortly

BY ANDREW WHITLEY

TEHRAN, Nov. 12.

THE STRIKE in Iran's oilfields, export terminal of Kharb Island, at its worst, the four-week-old strike reduced production to only one sixth of normal levels.

Another important sign of a return to normality was the end today of a 10-day stoppage by the State airline, which grounded all its domestic and international flights. Tehran Airport officials say it will be some days before operations are completely back to normal but on the first day back there were over 20 domestic flights.

Large areas of Tehran, however, were today blocked out temporarily by striking electrical workers, acting in response to a call by the main political opposition group, the National Front, to continue industrial action as part of the campaign against the Shah's regime.

None the less, there have also been reports of violent clashes between militant strikers and troops which suggests that there is still a considerable way to go before normal production is assured. Senior industry officials in Ahwaz were also reported as saying that "only a handful" of workers had reported for work early today, despite the military Government's 7 a.m. deadline for ending the strike.

The National Iranian Oil Company set the back-to-work deadline three days ago, warning strikers that they faced dismissals and arrest. The company, also said that strikers living in company houses would be evicted with their families.

There were no immediate reports of arrests or evictions in Ahwaz, which is at the centre of the southern oilfields. But despite the trickle of returning workers, a report by the official news agency PARS said that staff and labourers in Ahwaz had returned, seemed premature.

In his statement, which was to have been delivered yesterday, Dr. Sanjib Sanjib, the National Front's leader, Dr. Sanjib Sanjib, was arrested at his home in Tehran shortly before a press conference to give details of an understanding reached between the Front and the exiled religious leader, Ayatollah Khomeini, in Paris.

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The outlook for the tyre business—accounting for about half of Dunlop's capital employed but only around one-sixth of profits—remains bleak.

Dunlop, employing around 11,000 in its tyre operations in the UK—more than half of them at Port Dunlop in Birmingham—and has seen its turnover account for 23 per cent of the sector. The other plants are at Peterhead in Scotland, Washington in the North-East, and Shef

field, and one at Middlesbrough. Military chiefs face deadlock.

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BY OUR INDUSTRIAL STAFF

DUNLOP is understood to be close to close its plant at Speke on Merseyside, where 2,400 are employed, as part of a major restructuring of its tyre production in the UK.

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Pay explosion could mean spending cuts, says Healey

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MR. DENIS HEALEY, the Chancellor, said yesterday that the spending power, which people had injected into the economy, was further to be further fuelled by the recent increase in market rates he also pointed to in taxation.

The Chancellor's words, or two, that the banks have been effectively amount to a warning, lending a bit more money to further than his low-key speech compatible with keeping the money they had then.

They come on the eve of a special meeting of the TUC General Council to-morrow to discuss the result of the talks between Ministers and TUC leaders.

These ended on Friday and are shortly expected to lead to a joint declaration on fighting inflation.

Mr. Healey refused to abandon hope "at the moment" on the chances of achieving a 7 per cent rise in earnings in the current month.

The Government's economic strategy was attacked yesterday by Sir Geoffrey Howe, the Shadow Chancellor. He accused Mr. Healey of running the economy with "the competence and consistency of a manic-depressive."

Sir Geoffrey said the rise in interest rates was a direct consequence of the Government's trying to borrow too much and to pursue a monetary and public spending policy wholly inconsistent with this.

Mr. Healey also went further in explaining

Labour News, Page 38

Dell's successor likely to take harder line on worker directors

BY ELINOR GOODMAN, LOBBY STAFF

THE REPLACEMENT of Mr. Edmund Dell by Mr. John Smith as Trade Secretary may mean that industry receives a somewhat less sympathetic hearing in Whitehall when arguing against the Government's proposed legislation on industrial democracy.

Both men occupy roughly the same position at the centre of the Labour Party.

Mr. Smith, however, is far more political than Mr. Dell, who is to rejoin the Guinness Peat Group where he will eventually succeed Lord Kinnin as chairman.

Mr. Smith may be more likely to see the political dangers of being too closely identified with the Confederation of British Industry than Mr. Dell, whose disenchantment with political infighting has been obvious almost since he became an MP in 1964.

At a private meeting last week between Mr. Albert Booth, the Employment Secretary, and Mr. Dell, the central question of for guiding the Government's devolution legislation through the House, Mr. Smith already has considerable experience of dealing with contentious legislation. His success with the devolution Bill has no doubt contributed to his swift rise to cabinet rank.

As the Minister responsible for the Guineas Peat job last month, in his letter of resignation, he said that he would have been prepared to stay on as Trade Secretary until the next election.

He accepted the Prime Minister's view, however, that it was better that he should resign as a Minister while staying on as MP for the safe seat of Birkenhead until the election.

His appointment, along with that of Mr. Tom Pendry, as an

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OVERSEAS NEWS

Kenyan President in Paris

By David White

PRESIDENT Daniel arap Moi of Kenya tomorrow begins three days of talks with French Government and business leaders. The visit (President Moi's first trip abroad since taking office early last month) is being given considerable importance by French officials, who expect talks to focus on the problems of the Horn of Africa. President Valery Giscard d'Estaing's proposal for a seven-nation conference on the region and on France's military role in the former colony of Djibouti.

The visit is the first one to France by a Kenyan Head of State and President Moi will be joined by President Giscard on Tuesday. Tomorrow he will have talks with M. Louis de Guirguis, the Foreign Minister, and M. Yves Bourges, Defense Minister.

Events in southern Africa and prospects in the Middle East are also likely to figure in the talks, as are ways of increasing trade links between the two countries. Kenya has recently bought French radio equipment and ground-to-ground anti-tank missiles.

The proposal for a Horn of Africa conference, which would include Kenya, has already been put to the Presidents of Somalia and Ethiopia. President Moi is due to continue his trip in Brussels, for talks with EEC leaders on Thursday, and to London at the end of the week.

His visit to Paris follows closely that of General Felix Malloum, President of Chad, where renewed fighting has been reported between French-backed Government troops and guerrillas of the Libyan-assisted National Liberation Front (Front Patriotic).

Four French soldiers were reported wounded in a clash in the Abéché region last weekend. Earlier this year, France sent heavy reinforcements of paratroopers, legionnaires and fighter aircraft to back up its team of military advisers, bringing the total French force in the country to about 1,500 men.

President Malloum's talks with M. Giscard d'Estaing on Friday took place against a background of tension between the Chad leader and M. Hissene Habré, a former guerrilla recently appointed Prime Minister in an attempt to reach a conciliation with the mainly Arab rebels.

WHITE FARMERS IN ZAMBIA

Threat to stop crop planting

BY MICHAEL HOLMAN

ANGRY WHITE farmers today threatened to stop crop planting unless Zimbabwe African People's Union (ZAPU) guerrillas were removed from Zambia's commercial farming areas.

Sixty farmers and their wives met at the Ngwerere Club, near Lusaka, to protest at yesterday's abduction and beating—allegedly by ZAPU guerrillas—of one of their fellow citizens. It was the latest of a number of incidents in which at least 20 whites, including six farmers, have been molested or harassed by guerrillas or leadas street mobs. In one case a leada farmer was allegedly assaulted by members of the Zambian Army when visiting the city's industrial area.

Representatives of the farmers hope to meet President Kaunda for a second time in a week to press on the threat and request increased protection.

Few observers believe either that the 10,000 ZAPU guerrillas will be moved, or that the farmers will carry out their threat. But the disruption to farm life caused by assaults and threats and the possibility of white emigration could seriously affect agricultural output in Zambia.

There are 300 commercial farmers (mainly white) in the country. Despite a fall in their number from 1,200 at independence in 1964, they account for 80 per cent of marketed agricultural production, including a third of the country's maize crop, which provides the staple diet for the 5.6m. Zambians.

Recent Rhodesian bombing raids on ZAPU installations

accompanied by rumours that Rhodesian "agents" are operating in disguise to commit acts of violence and "thugs" and demanded increased protection from the police and army.

The farmers pulled no punches. "If they (ZAPU) take over Zimbabwe, now, God help Zimbabwe because they are a bunch of bloody thus," one declared. "Who is going to be the next President of this country—(ZAPU leader) Nkomo or President Kaunda?" asked another, while a third threatened

to burn his farm "to the ground" before emigrating unless something was done. Citing cases in which Zambians had been assaulted, the chairman pointed out: "It's not only you that's been hit, it's the Zambians as well."

In a separate development it was claimed today that guerrillas caught in the Rhodesian strike training camp last month believe they were "set up" for the attack by Mr. Nkomo himself.

A nationalist informer, recently returned from Zambia, was quoted by the Rhodesian Sunday Mail as saying that the camp was staffed with dissidents who wanted to support the transitional Government and by followers of the murdered former Zippa military commander, Nikita Mangle.

Meanwhile, in a further move towards increased military operations in the region, President Kaunda, President Neto of Angola and President Mobutu of Zaire will meet in Lusaka next week-end to discuss economic issues.

President Mobutu and Neto held talks in Angola last month to consolidate the rapprochement between their two countries, which includes the re-opening of the Benguela Railway to the Angolan port of Lobito. The line, which until its closure in 1975 served Zambia's copper mines, re-opened last week.

Diplomats here say that President Kaunda has taken a quiet but significant part in improving the relationship between Angola and Zaire, which reached its lowest ebb during the invasion of copper-rich Shaba province by Angolan-based rebels in May.

Political sources here expect the transitional Government to agree at the meeting on a new timetable for majority rule which would be impossible to meet this timetable. Speaking on the

13th anniversary of UDI on Saturday, he said he believed the country's worst drought in a century and brought in a bigger harvest than last year. The New York Agency, via Reuter, said the drought affected more than 40m. hectares (100m. acres) of farmland in the valleys of the Yangtze, Huai, Yellow and Hailuo rivers. But tens of millions of people fought nature and finally got in a bigger harvest this year than last year in grain, cotton, oil-bearing crops, sugar cane and sugar beets, tobacco and tea, the agency said.

In his most strongly-worded statement to date on the issue Bishop Muzorewa accused the Prime Minister of creating alarm and despondency by speaking of delayed elections. "To postpone the elections is to invite disaster," he added.

The issue of elections is on the agenda for final decision by the four-year bi-racial Executive Council at its routine meeting on December 21.

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The issue of elections is on the agenda for final decision by the four-year bi-racial Executive Council at its routine meeting on December 21.

WORLD TRADE NEWS

Scandinavians optimistic on pulp profits next year

By MAX WILKINSON

AFTER TWO years of heavy losses, the Scandinavian pulp and paper industry is looking ahead to a recovery next year. Mr. Wergens, managing director of the Swedish Pulp and Paper Industry Association said in London that many mills would show losses for the year ending 1978, but he expected them to achieve break-even or slight profits next year.

His optimism is based on the increase in the price of market pulp from the low level of \$223 in the first half of the year to a current level of \$280 per tonne of bleached sulphate pulp. Mr. Wergens thought prices would further increase next year in dollars, their revenues have been correspondingly reduced.

However, Mr. Wergens believes that the Scandinavian mills' margins will improve for three reasons. He said: "The scenario is thus set for a balanced international pulp market, where the main part of the supplies from new pulp capacities successively coming on stream during 1979 will be absorbed by the increasing demand."

Second, he says, Swedish wood costs have been reduced by 20 per cent over the last two years compared with the very low levels of 70 per cent or even including a 5 per cent reduction

this year. Labour costs also show signs of relative stability. He expects wood costs next year to be about the same as this year.

Thirdly, he believes that wood costs in the Southern States of the U.S. will tend to increase as a result of rising land and labour costs and pressure for more environmental measures.

It has been estimated that the Southern U.S. wood costs are \$100 lower per tonne of pulp than those in Scandinavia. In Sweden the costs of replanting and other Government decreed environmental measures add \$25 a tonne to the cost of pulp.

Although the differential between wood costs depends on the exact valuation of the dollar, the Swedes expect that it will slowly be reduced. They do not, however, expect the differential to disappear altogether.

He said: "The scenario is thus set for a balanced international pulp market, where the main part of the supplies from new pulp capacities successively coming on stream during 1979 will be absorbed by the increasing demand."

Mr. Wergens said: "I am not saying that prices will go quite that high, but I think they will be going towards that level." Swedish pulp mills have now shifted all of their surplus stocks, and have now stepped up production to between 80 per cent and 85 per cent of capacity compared with the very low levels of 70 per cent or even

underutilised and will tend to rise against the Swedish krona. Second, he says, Swedish wood costs have been reduced by 20 per cent over the last two years compared with the very low levels of 70 per cent or even

SHIPPING REPORT

Politics disturb freight market

By OUR SHIPPING CORRESPONDENT

THE WORLD fleet of deep-sea container ships is expected to increase by a third by the end of 1980, producing overcapacity ship fleet compared with a forecast on all established routes. London shipping consultants H. P. Drewry said in a report published today.

Deliveries of new vessels and the depressed world trade would combine to produce the overcapacity. There were over 100 suitable investment opportunities in cellular container ships, ties elsewhere in shipping, the deep sea container ship sector from sliding into increasing overcapacity and diminishing profits, the report said.

The expansion in the container fleet is equivalent to a world fleet annual growth rate of 11.5 per cent between mid-1978 and the end of 1980, based on the assumption that there is no further ordering for delivery during this period.

Only the start of an unexpected boom in world trade may prevent the deep sea container ship market from sliding into increasing overcapacity and diminishing profits, the report said.

Developers of new vessels and the depressed world trade would combine to produce the overcapacity. There were over 100 suitable investment opportunities in cellular container ships, ties elsewhere in shipping, the deep sea container ship sector from sliding into increasing overcapacity and diminishing profits, the report said.

Brokers report some hesitancy in dry cargo markets as a result of the Iranian troubles, but the only actual fall in rates was in the U.S. Gulf, where \$10 was the going rate for Gulf-Continent for a 55,000-dwt ship last week each.

VLCC rates in the Gulf improved slightly last week, with a 260,000 tonne tanking WS37 and a 384,000 tonne the surprisingly high figure of WS34.

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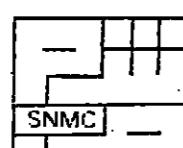
ASK FOR IT

World Economic Indicators

UNEMPLOYMENT				
Oct. 78	Sept. 78	Aug. 78	Oct. 77	
U.K.*	1,360.0	1,378.1	1,392.0	1,433.4
%	5.7	5.8	5.8	6.1
Holland*	210.2†	211.6	210.5	206.2
%	5.3	5.3	5.2	5.3
U.S.*	5,900.0	6,000.0	6,002.0	6,872.0
%	5.8	6.0	6.0	7.0
W. Germany	901.6	864.3	923.9	954.4
%	3.9	3.8	4.0	4.2
	Sept. 78	Aug. 78	July 78	Sept. 77
Belgium	268.6	270.5	260.5	
%	6.7	6.8	6.8	6.5
France	1,284.0	1,157.0	1,094.0	1,215.9
%	5.5	5.0	5.0	5.5
	June 78	May 78	April 78	June 77
Japan	1,260.0	1,230.0	1,230.0	1,110.0
%	2.2	2.2	2.2	2.1
	July 78	April 78	Jan. 78	July 77
Italy	1,658.0	1,450.0	1,520.0	1,692.0
%	7.5	7.2	8.0	7.9

* Seasonally adjusted. † Provisional.

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UNION DE BANQUES ARABES ET FRANCAISES - U.B.A.F.

October 1978

Japan and China in \$190m deal

By Yoko Shibata

TOKYO, Nov. 12. MITSUBISHI Heavy Industries (MHI) and Mitsubishi Electric received a \$190m order for a large thermal power plant for the Baoshan Steelworks in Shanghai, the companies said here.

It is the largest order ever received by Japanese electrical power equipment manufacturers from China and is also the first order concluded since the signing of the Japan-China peace treaty.

The project is a tri-national joint venture between Siderbras, Brazil's national steel agency, Finsider (Finanziaria Siderurgica) of Italy, the steel arm of IRI (Istituto di Ricostruzione Italiano) and Kawasaki Steel

TUBARAO STEELWORKS

A tri-national gamble

BY DIANA SMITH IN RIO DE JANEIRO

BASIC CONTRACTS for the about 30.4 per cent—depending on the type—set at 20 per cent each but, in Dr. Rossi says on the type, quality and delivery dates of March this year, pleading high domestic idle capacity, the foreign partners renegotiated their quotas. At the time, Brazilian steel sources indicated that Siderbras had agreed to reduce the Japanese quota in return for Kawasaki Steel's undertaking to negotiate the \$700m financial loan. For the sake of equality, Finsider's quota was also reduced.

The sales agreement signed at the end of last month covers a \$700m consortium loan by Japanese banks led by the Bank of Tokyo, Long Term Credit Bank of Japan, and Dai-Ichi Kanyo Bank. This is a straight financial loan, not tied to equipment supplies, negotiated on behalf of Siderbras by Kawasaki Steel.

The three contracts signed on the last day of October cover the basic purchase orders of equipment for Tubarao's preliminary investment. The total will be supplied in three purchase and sale of output tranches: the first this month (\$1.25m) and a \$250m tranche in 1979 and the third, \$200m tranche in 1980.

The total value of the basic purchase order is \$1.41bn comprising \$708.8m in equipment supplies, supervision and training from Japan and \$706.08m for equipment, supervision and training from Italy.

Japan's share includes the blast furnace to be supplied by Marubeni, and the power and blow-unit to be supplied by Mitsubishi, while Italy, through Italimpianti, another offshoot of Finsider, will supply the coke oven, slabbing mill and soaking pit unit.

The Japanese and Italian equipment will be financed by Siderbras and Finsider, respectively, with the remainder of the \$2.8bn investment, initially, to be guaranteed by the Italian Government.

Originally, Brazilian manufacturers had agreed to supply 30 per cent of equipment to Siderbras, but after negotiations earlier this year when Siderbras and the Brazilian Ministry of Industry and Trade's indicated that the project would be jeopardised unless the full sum was guaranteed from the start, an agreement was reached in July.

Shareholders' capital according to Dr. Rossi, has been set at \$950m-\$550m-\$250m from Siderbras, and \$134.75m each from Finsider and Kawasaki. The remainder of the \$2.8bn investment will be financed by Brazilian Government guarantees including the National Economic Development Bank.

The preliminary sale and purchase agreement of 18 years is accompanied by a 12-year term of grace, with spreads over LIBOR of 1.25 per cent for the first and 1.4 for the other two tranches. Initially, the Japanese banking consortium was reluctant to guarantee more than \$180m but after negotiations for doubling capacity to 6m tonnes per annum. From a technical viewpoint, Dr. Rossi explained, this makes sense, since during the 18 years covered by the agreement, there will be three shutdowns of the blast furnace for refining. Also, a second blast furnace would ensure maximum technical and economic use of the operation.

All will depend on the world situation. In Dr. Rossi's view, Tubarao's scheduled start-up late in 1982, will coincide with the beginning of the end of the world steel crisis, with general capacity moving closer to potential consumption; what he terms "a happy coincidence".

Dr. Rossi says that it is virtually certain that a molten steel will be built adjacent to Tubarao's actual output (below 3m tonnes) and will be entirely Siderbras' responsibility.

EFTA and Spain agree tariff cuts

GENEVA, Nov. 12.

SPAIN AND the seven-nation European Free Trade Association (EFTA) have reached virtually complete agreement on gradually reducing mutual trade barriers to the same levels existing between Spain and the EEC.

The agreement, which will be initially on December 7, covers essentially industrial products and fish, which parallel accords being worked out between Spain and EFTA members on agricultural trade.

The object of the accord is to effect trade liberalisation between the EFTA and Spain in the intermediate period before Spain formally joins the EEC.

After that, trade between Spain and EFTA will be covered entirely by the existing free trade arrangement between EFTA and the EEC concluded after Britain and Denmark left EFTA to join the Community.

AP-DJ

British week in Warsaw

By Christopher Bobinski

WARSAW, Nov. 12.

FORTY EIGHT British companies, including Taylor Woodrow, Cimcarnation, Fisons and BP Nutrition are participating in a British technical week which opens in Warsaw tomorrow.

The week is being organised jointly by the London Chamber of Commerce and the Polish Technical Association and is the third of its kind in Warsaw. It will include films, lectures, and an exhibition.

The themes of the week are the food industry, construction, the chemical industry and transport, subjects which it is thought are likely to be of most interest to Polish importers.

Despite Poland's import cutbacks in trade with the West this year, British Department of Trade figures show a rise in exports to Poland of 26 per cent over the first nine months of this year compared to the same period in 1977.

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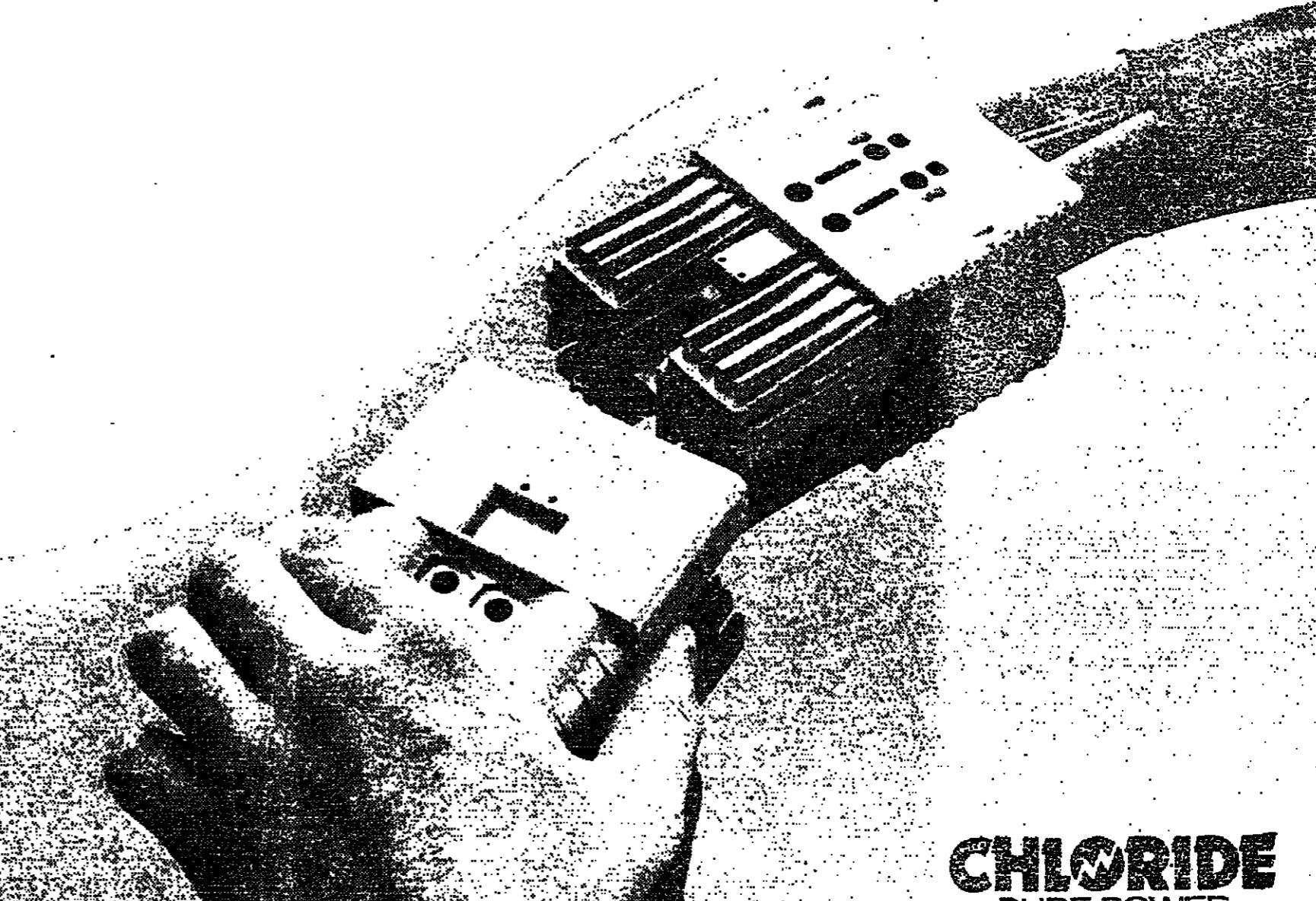
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CHLORIDE
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Shell keen to help small companies

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A CAMPAIGN now being conducted by the Government to encourage large companies to help small concerns will receive a significant boost in about a month when Shell UK launches a special initiative scheme.

Shell has been working on this for some time and is already associated with various

projects including a Newcastle-based voluntary organisation called Enterprise North, and a New Enterprise Development Project at Durham University.

It is also one of the major companies working with the London Chamber of Commerce and the Industrial and Commercial Finance Corporation to set up a London Enterprise Agency with funds of up to £1m to help small companies in inner London.

Shell has carried out research into the problems of small companies, especially in inner cities, and is considering other ways of providing help. One often quoted possibility, not only for Shell but for other oil companies such as BP, which is also involved, in the London Agency, is that spare petrol station sites might be handed over to small concerns.

But while Shell and other such companies are preparing special policies, they are anxious not to give the impression that they are prepared to trade with small businesses on specially preferential terms.

This is despite the fact that many small businessmen have told the Government, recently,

Plan for Kent air services

By Michael Donne,
Aerospace Correspondent

An airline, called Air Kent, is being set up by a group of Kent businessmen. It will be based at Manston Airport, and application has been made to the Civil Aviation Authority for routes to Brussels and Rotterdam.

If the licences are awarded, the new airline plans to start flying on May 2 next year, offering five return flights daily between Manston and Brussels, and two each way daily to and from Rotterdam.

The aircraft used will be either U.S.-based Nasair Chieftains or British Aerospace Heron six to 10-seat executive-type propeller aircraft.

Air Kent is the operating name for a company called Thanet European Air Services, formed by a group of travel agents in East Kent.

The aim of the new airline is to make it easier for Kent businessmen to reach the Continent. At present, those living near Thanet have to journey between 80 and 100 miles to the west, to either Gatwick or Heathrow in order to fly 140 miles East to Belgium and Holland.

Economic indicators will show progress of upturn

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN ALL-ROUND picture of the progress of the economic upturn should be provided this week by the publication of most of the main indicators of demand and output.

In particular, indices for industrial production in September and retail sales in October—both due out today—will be studied closely to see how far the mini-boom conditions of the summer have been maintained during the early autumn.

Official figures due on Thursday are expected to show that sterling M3, the broadly defined money supply, grew more rapidly in the month to mid-October than in the previous couple of months.

However, as Mr. Denis Healey, Chancellor of the Exchequer, hinted last Thursday, the annual rate of growth over the first six months of the financial year should be closer to 7 per cent than 8 per cent and at the bottom end of the 8 to 12 per cent target range.

The pattern of the current account of the balance of payments

has been extremely difficult to forecast this year because of the sharp month-to-month fluctuations. Most City analysts, though, are expecting an improvement in the October balance—due to be announced tomorrow—after the £119m deficit in the previous month, which was inflated by abnormally high oil imports and the delayed effects of the Southampton dock strike.

Statistics for both pay and prices are due on Wednesday and Friday respectively. The average earnings index for September is unlikely to provide much of a clue to what has been happening in the current pay round, as few big settlements have yet been agreed. The prices index, however, is expected to confirm that the 12-month rate of retail price inflation to mid-October was little changed from the 7.8 per cent rate in September.

Among the other statistics due to be published this week are cyclical indicators for the UK economy (on Wednesday), the second preliminary estimate of consumer spending in the third quarter (on Thursday), and the preliminary estimate of Gross Domestic Product in the third quarter (on Friday).

The present sterling exchange rate is uncompetitive, according to the first issue of a regular new exchange rate analysis published this morning.

The review, entitled Exchange Rate Outlook, will be published monthly and has been produced by Mr. Terry Burns and Mr. Bill Robinson of the London Business School in co-operation with Gower Press and Charles Fultons & Co., currency and money brokers.

The publication brings together various data relevant to the assessment of exchange rates. On sterling, for example, it points out that UK prices, adjusted for exchange rates, have reached a level where the UK's international competitiveness is 10 per cent worse than its historical trend.

“Exchange Rate Outlook”, Gower Press, 1, Westmab, Farnborough, Hampshire GU14 7RU.

Chemists ask public for advice

By Colleen Toomey

THE RISING cost of prescription drugs in forcing chemists' shops to close at the rate of 2 per cent a year, in the past 13 years more than 4,500 chemists in England and Wales have shut.

The Pharmaceutical Services Negotiating Committee, which acts for prescription chemists, is trying to improve the inadequate services these closures have caused.

This week it is launching a nationwide campaign through the 9,500 chemists in England and Wales to discover what services the public wants.

It expects to have compiled a detailed memorandum by early next year, incorporating the suggestions of groups including the Association of Community Health Councils, Help the Aged, and the National Council of Social Services.

Action will be taken on immediate inadequacies in services, but other problems will take more time, “or may even need negotiation with the Secretary of State to implement”, according to Mr. Alan Smith, chief executive of the Committee.

Among the recommendations the committee hopes to implement next year is a reduction in the quantity of drugs given for each prescription. “This would avoid wastage and could cut £100m from prescription costs a year”, Mr. Smith said.

Last year, 325m prescriptions worth more than £600m were issued by chemists. Drug costs rose by 18 per cent, while profit over sales remained at 3 per cent.

This disparity has been one of the prime reasons for chemists' shop closures.

Robin Day joins BBC radio's World at One

INTERVIEWER Robin Day is joining The World at One later this month, when Radio 4 moves to 1500 metres on the long wave.

He will join the current presenter, Brian Widlake, to present an extended version of the programme running from 1 pm to 1.40 pm.

Robin Day's first edition will be on Tuesday, November 28. Thereafter, he will handle the programme on Tuesdays, Wednesdays, and Thursdays. Brian Widlake will present Mondays and Fridays.

Mr. Julian Holland, editor of The World at One, said: “Robin's interviewing of our main political figures of our time has been the most compelling and respected political journalism for many years. Now he broadens his field to take in the whole sweep of daily radio journalism.”

Civil engineers expect no great work increase

BY COLLEEN TOOMEY

A CALL for industrial nations to lower trade barriers against the raw materials and manufactured products of the Third World was made yesterday by Prof. Alasdair MacLean, of Lancaster University.

Developing countries could increase their trade by lowering their own tariff barriers and reducing their overvalued exchange rates.

Policies advocated by these countries such as buffer stocks, commodity agreements, export taxes and the Generalized System of Preferences were “double stratagems” for improving their trade situation.

Prof. MacLean's points were written in a study of recent proposals by developing countries at the United Nations Conference on Trade and Development.

Most companies expect business to continue at its present level. There may be some job recruitment, but this is likely only to fill existing vacancies rather than create extra jobs.

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Social security payments go up this week

BY ERIC SHORT

OLD AGE and widow's pensions, the 12 months from November sickness and unemployment benefit, 1977. No indication has been given that all other social security given by the Government as to benefits increase from today, what action it will take, if any, when the annual revaluation of should the forecasts fall short benefits come into operation.

The weekly pension for a single person becomes £12.50, compared with £12.50, while for couples it is £21.20, compared with £20. Sickness and unemployment benefits, previously £14.70 for a single person and £23.80 for a couple, became £15.75 and £25.50 respectively.

Other benefits increase correspondingly. The child benefit payment goes up to £3 from £2.30. The earnings limit for retirement pensions—the amount they can receive before having their pensions reduced—goes up to £45 a week from £40.

The pension increases both for contracted-in and contracted-out employees will remain unchanged. But the upper weekly earnings limit to which these rates apply is likely to be lifted about £135 from £120.

The Institute of Chartered Accountants has published two simple guides to social security benefits under its series of booklets giving professional briefs for practitioners.

Under the Act, pensions and other long-term benefits are revalued in line with rises in earnings or prices, whichever is greater. Short-term benefits, such as sickness and unemployment, are revalued only with respect to movements.

Pensions are being improved by about 11½ per cent, while sickness and unemployment benefit from the Institute of Chartered Accountants are rising by only 7 per cent. The increases are based on government forecasts on the movement of earnings and prices over the year, London EC2P 2BZ.

Labour News is on page 38

Insurance Company of N. America men start rival firm

By John Moore

THREE TOP underwriters of the London office of the Insurance Company of North America (INA), the oldest general insurance company in the U.S., are leaving to start their own underwriting syndicate at Lloyd's.

They are Mr. Colin Mander, 39, who was a marine underwriter with the INA for 17 years, and his two deputies Mr. Stephen Thomas and Mr. John Cooper, who have worked for INA for 13 years and 10 years respectively.

“It does represent a fair amount of our marine underwriting strength in London,” commented an INA executive on the departures yesterday.

The underwriters are being introduced to Lloyd's by Mr. Richard Outhwaite, chairman and underwriter on Budget day and the other increases by Mr. David Ennals, the Social Services Secretary, the following day.

The new marine syndicate—to be called Mander, Thomas and Cooper—is expected to be able in the early stages to underwrite business which produce premiums of £5m. The proposal is still receiving the attention of the Lloyd's ruling committee.

INA recently formed a UK holding company to handle its marine, aviation and non-marine business previously handled by the branch operation of the American head office.

Freewheeler to market Buzby kite

Freewheeler, based in Poole, which makes stunt kites and skateboard kites to produce a Buzby stunt kite featuring the Post Office's character.

Freewheeler, a company run by Mr. Bryan Eccles, an ex-racing driver, makes 240,000 stunt kites a year and believes Buzby will add as many again to the company's order books.

The company's other speciality is skateboard manufacture. At a time when most makers are winding up production caused by the dramatic collapse of the past-time in Britain, Freewheeler is making a big hit in Europe.

Since September, the company has marketed £20,000 of skateboard boards in six European countries. It is already ahead of its initial turnover target of £1m a year.

The company's success is explained by Mr. Eccles as due to the particularly high quality of the skateboards produced.

“The fact that there were many cowboys in the business selling inferior skateboards contributed to the demise of the industry in the United Kingdom,” he said.

In spite of fierce competition from other manufacturers, Freewheeler boards are being handled by Otto-Simon, one of Europe's largest toy and sports goods distributors.

Co-op branded food to carry guarantee

Financial Times Reporter
THE Co-operative Wholesale Society is introducing a written guarantee on the packaging of its own food brands which will offer replacement or refund if a customer has any reasonable complaint.

The Co-op said yesterday that the consumer had the right to be guaranteed by statute, but by spelling these out the society felt it was helping keep shoppers aware of them.

The society holds almost a fifth of the packaged grocery market and more than a third of total sales in this category are of the Co-op brand. The guarantee will be introduced as labels are reprinted.

MP wants State mortgage body

Mr. John Ryman, Labour MP for Blyth, has called on the Government to set up a state corporation to compete in the mortgage market.

He made the request in a letter to Mr. Peter Shore, the Environment Secretary, as the new continued over the 2 per cent rise in mortgage rates, announced on Friday.

Mr. Ryman wrote that the “disgraceful” increase in mortgage rates is “partly caused by the Government's persistent refusal to reorganise the building societies' industry”.

The Vietnamese Boat People

The British Council for Aid to Refugees has accepted responsibility from the Government for organising the reception and settlement of the 346 Vietnamese recently rescued from the South China Sea. This is one example of the work of the British Council for Aid to Refugees which in 1977 involved refugees from some 40 different countries.

Funds are urgently needed for language classes, re-training and many vital services not covered by basic Government support. Donations please to:

Philip Barber, CBE, The British Council for Aid to Refugees, 35 Great Peter Street, London, SW1.

Job in its



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November 1978

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OFFICE OF NATIONAL BANK OF WESTCHESTER
MANUFACTURERS HANOVER TRUST COMPANY
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BANKING CORPORATION
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22nd September, 1978

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NEWS ANALYSIS—GUINNESS PEAT

Dell's signing is major coup

BY RICHARD LAMBERT, FINANCIAL EDITOR

FOR A GROUP which is by no means a giant in the City of London, Guinness Peat has been associated with a remarkable number of distinguished public figures.

They include Sir Charles Villiers, who was executive deputy chairman before taking up his cross at British Steel; Sir Derek Mitchell, who moved over from the Treasury to join the banking side last year; the ubiquitous Lord Goodman, who bustles around actively in his role as consultant to the bank; and Sir Fred Warner, a former Ambassador to Japan.

But signing Mr. Edmund Dell, Secretary of State for Trade, counts as its biggest coup to date. Guinness Peat has net assets of £45m. By comparison, former Chancellor, Lord Barber, left Westminster for the City to take the chair of Standard Chartered, which has net assets of £88m.

The key to the appointment lies in the personality of Lord Kissin, Guinness Peat's chairman, architect. Lord Kissin, who is 66, was created a life-peer under the Wilson administration in 1974, and knows his way around Whitehall almost as well as he does the City.

For the past few years, he has, in his own words, "tended to concentrate on strengthening the top management of

the group so as to ensure that when the time for change arises, the company has at its disposal people whose performance and entrepreneurial skills will ensure the momentum of the group's progress.

The most visible changes have come in the banking side. In Guinness, Mahon, which Lord Kissin merged into his own business, Lewis and Peat, in 1972. One of the smaller accepting houses, Guinness Mahon was, until not so many years ago, little more than a private family investment bank with not much interest in anything so vulgar as customers.

Only a handful of its present senior executives have been with the bank since its premerger days, and after a slow start within the enlarged organisation, it is expanding quite rapidly.

Mr. Dell, who has been appointed project leader for a large integrated meat processing plant in the Sudan, and has ambitious plans for developing in an area where it can combine its expertise in commodities, banking, insurance and other financial services.

Here again, Mr. Dell is expected to play an important

role. As Trade Secretary, he has gone out of his way to be involved in a multitude of trade negotiations, particularly in the field of commercial negotiations around the world. He is good at handling the nitty-gritty of international trade talks—and he actually seems to enjoy them.

Perhaps the one area which does not sit comfortably into this picture of an inter-related financial services group is its significance to a bank at this stage of its development. In Linfield Holdings, which is involved in wholesale and retail food distribution, Lewis and Peat's trading

activities of a group which he is largely responsible for creating, but it is a safe bet that he will still be active on a daily basis.

Doubtless Lord Kissin and Mr. Dell have already talked about who is going to do what. Lord Kissin may no longer be deeply involved in the minute to minute

activities of a group which he is largely responsible for creating, but it is a safe bet that he will still be active on a daily basis.

APPOINTMENTS

New London chief for Paribas

M. Olivier Michon has been appointed executive vice president and managing director of BANQUE DE PARIS ET DES PAYS-BAS on the return to the Bank's international department in Paris of M. Philippe Drillet.

Mr. R. L. White has resigned from the board of CORNELLI DRESSES.

Mr. R. J. Cole has been appointed deputy managing director of SELINCOURT with effect from January 2, 1979. He is chairman of Furzebrook Knitting Co., a Courtaulds subsidiary.

THE BRITISH FOOTWEAR MANUFACTURERS FEDERATION announced the appointment of Mr. Peter Colling as managing director with overall responsibility for marketing at home and abroad. He has been export development manager with the federation for the past two years.

The marketing department of the hydraulic hose division of DUNLOP INDUSTRIAL GROUP has appointed manager Mr. Derek Gray as marketing director. Mr. Frank Monghan as marketing director of hydraulic assemblies.

PRIVATE PATIENTS PLAN Mr. P. E. Hammond, a general manager of The Hongkong and Shanghai Banking Corporation, unit of Norton Simon Inc.

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Mr. P. Gherbrant, an advanced manager in London of National Westminster Bank's international banking division, has been appointed deputy managing director of ROYWEST BANKING CORPORATION, an associate of Norgap Machines.

Mr. P. J. S. Fordham has been appointed to the Board of HAWKER SIDDELEY WATER CORPORATION, an associate of ENGINEERING, as chairman. He is based in New York.

Mr. R. W. Stedman has been appointed managing director of Norton Simon Inc. He was previously marketing director of the

INDUSTRIES in succession to Mr. T. Conner, who has retired because of ill-health. Mr. Stedman continues as secretary.

Mr. C. J. E. Rowe, previously manager of the private trade department, has been appointed director of FINLATER MACKIE TODD AND CO. Mr. G. C. Smith has left the company to become cellar manager of the Cafe Royal, London, and Mr. P. Welkops has been appointed cellar manager at Finlater's offices in Merton.

As a result of the merger between MANCHESTER GARAGES and OLIVER RIX, the following Board appointments have been made: Mr. K. A. Stodole, chairman and managing director of Mano National Group Motors, Manchester Garages, and Oliver Rix, Mr. K. W. Bevan, Mr. E. A. Acland, Mr. A. K. L. Stephenson, Mr. A. M. Struthers and Mr. D. E. Rogers have become directors of Minor National Group Motors.

Mr. Ian Frazer has been appointed managing director of HOMEBORTHY FURNITURE, a member of the London Group. He was previously marketing director of the Harris Lebus Group.

In the long term, the best choice

THE LONG-TERM CREDIT BANK OF JAPAN, LTD.

Head Office: One Hatchi, Tokyo, Japan Tel. 011-51111 Telex: 124306 New York Branch: 140 Broadway, New York, N.Y. 10006 U.S.A.

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JOHN INGLETON

JULY 1978

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

• OFFICE EQUIPMENT

Word processors for most users

IN A BID further to consolidate its hold on the world screen-based word-processor market, of which it already has over 40 per cent, Wang has started to market a unit which, it indicates, is the lowest-priced screen and floppy disc machine available.

Its System 5, at a starting price of £6,345, will outperform equipment costing 30 per cent more, the company asserts. Meanwhile, at the other end of the scale, it has new equipment which can drive up to 32 units, which can include workstations, printers, photocompositors, telecommunications links and optical character recognition equipment.

This unit, which comes in three models like the System 5, has been designated OIS 140 and costs between £14,750 and £18,250. Included in the equipment it can drive is a new wide carriage printer with ability to produce 425 lines per minute.

Wang (UK), Chichester House, 278 High Holborn, London WC1 7EE. 01-532 8551.

Files harder to lose

DESIGNED for its Acme Astroomatic mechanised unit—but applicable to other systems—Kromakode colour-coded files from Jetley's (Great Britain) converts numerals and/or letters to specific colours which are printed on wrap-round labels attached to the visible edges of folders. These organise records into distinctive sequences of numbers and letters by colour, creating blocks of colour in the file.

Continuity of colour bands is interrupted if a folder is refiled out of proper sequence. This automatic signal of a misfile, provided as soon as it happens, eliminates tedious (and costly) manual searches.

Numeric systems are available for records to be filed in straight, double or triple digit sequence. Numbers and colours never vary, so that green always represents zero, pink is always one, black is two, yellow is three and so on up to nine.

All the digits of a file number are colour-coded and show on both sides of the tab. The last two digits show on the bottom band and are coded to the second digit from the last. This forms a block of colour by having ten consecutive numbers in standard work in its field.

Jetley's, 3-A Astoria Mansions, Streatham High Road, London SW16 1PS. 01-377 3323.

The French word for it

AN ENGLISH-FRENCH general technical dictionary by J. Gerard Befel-Isle will be published on November 16 by Routledge and Kegan Paul at £3.95.

There are over 49,000 English terms pertaining to some thirty different industrial and commercial techniques in common use, with more than 126,000 French equivalents, including the different meanings 'relative' to the English terms.

The author, who has had a long career as a civil engineer in Canada, produced the first edition of the present work in 1965.

The publisher says, 'was immediately established as the

standard work in its field.'

• COMMUNICATION • RESEARCH

Gives two way direct speech

AN intercommunication system which can accommodate between two and 56 stations connected in a ring by a three pair telephone cable and, in effect, provide duplex speech is available from Barkway Electronics, Royston.

The company has provided for compatibility and convertibility between existing equipment and its new launches, prompted by its experience in the small business systems market where it has now some 50,000 installations in the field—a share, as Wang's UK general manager Raymond Redpath puts it, "second only to that of IBM by a mere 3 per cent."

The word processing market in Britain is also fragmented with something like eight well-known users competing for what is a relatively small sector of the potential office automation market. Wang is in strong position, and is also looking very hard at total office communications of which word processing is only a subset.

Barkway is at Royston, Hertfordshire (076334 666).

• PROCESSES

For safer furnaces

THE OFTEN hazardous process of heat treating metals in furnaces can be made safer by using a nitrogen purging technique offered by BOC.

Explosive hazards can arise with the mixture of carbon monoxide and hydrogen used in such processes as case hardening particularly if the temperature drops below 750 deg C, which might happen for example in the event of an electricity supply failure.

The ROC system, called Furnace Guard, makes use of a massive flush of inert nitrogen to purge flammable gases from the furnace after a hazardous condition has been detected. Hardware includes a sensing system able to detect low temperature or pressure or a failure of the mains.

Liquid nitrogen is kept in an external tank at minus 196 deg C and is vapourised and introduced into the furnace at about 20 ins w.e. sufficient to flush the system through. Audible and visible warnings are given that purging has been triggered. A manually activated system can also be supplied.

BOC is at Hammersmith House, London W6 9DX (01-754 2020).

Transporting the disabled

BECAUSE OF the basic difficulties encountered by elderly and disabled passengers when using buses, Leyland Vehicles (the truck, bus and tractor company within BL) has spent five years researching into these problems.

Its human factors research (literally the study of the interaction between people, machinery and the environment) was carried out under a contract from the Transport and Road Research Laboratory. The work has now been completed with the result that the inclusion of a number of advanced design features in Leyland's latest double-decker, the Titan, promises a brighter outlook for each station and is altered by changing wire links. However, a station can be unplugged and used elsewhere without changing its coding.

In noisy factory environments where voice switching becomes a problem, reversion to simplex is possible by key depression. In addition, any station can make a paging call to all others by the use of a 'page key'. Optimal handsets can be supplied with the portable units.

Barkway is at Royston, Hertfordshire (076334 666).

The bus offers comfort within, plus space, excellent heating and ventilation, integral construction and hospitals.

Brings the entrance step down to 12.32 inches.

There are, too, well placed grab rails, and the gangways are comfortably wide, particularly near the exit where congestion is most likely.

The production of a bus incorporating these features followed the company's 1973 first report on the subject of transporting aged and physically incapacitated people. Their capabilities with regard to step climbing, the length of reach and strength, etc., were assessed in a series of practical, medically supervised tests on a mock-up bus interior using over 200 subjects.

ALTHOUGH computer-driven marine collision avoidance systems working in conjunction with radar already exist—some can track as many as 40 targets—they can be expensive and so not readily available to smaller vessels.

At prices which start in the £500 region, Brown and Perrin (Instrumentation) of London, is importing devices which can be connected to any existing marine radar display unit which will lay down a range and sector most threatening.

If the alarm is overlooked by another vessel enters the chosen area.

The equipment, made by Radar Devices in the U.S., will only trigger when an echo has been identified for three con-

secutive scans, minimising the possibility of false alarms from clutter.

The more advanced versions of the equipment will highlight the targets entering specified zones.

If the alarm is overlooked by the officer on watch, a secondary alarm in the master's quarters will sound.

7, St. Botolph Street, London EC3A 7DT (01 626 6065).

• NAVIGATION

Helps avoid collision

ALTHOUGH computer-driven marine collision avoidance systems working in conjunction with radar already exist—some can track as many as 40 targets—they can be expensive and so not readily available to smaller

out, such as purchase orders, invoices and statements, because of its ability to skip at very high speeds.

Documentation, Mill Mead, Staines, Middlesex TW15 4UG.

Control of sales

DOCUMENTATION is offering in

out, such as purchase orders, invoices and statements, because of its ability to skip at very high speeds.

Documentation, Mill Mead, Staines, Middlesex TW15 4UG.

THE LONDON Brick Company, which has recently decided to shift from NCR to Univac computers, also turns out to be the recipient of the 1,000th Univac OS/3 based machine in the UK.

The Bedford-based brick maker, largest in the world, will be using the machine for sales and distribution, stock control and sales orders. Projects under consideration for the future include distribution using on-line printers, the cost of running

banks of the 2000 model could be as low as one third that of relying on laser machines. The 2000's impact printing method is also more efficient, the company asserts, when printing forms with irregular data lay-

lation is about £1m.

• DATA PROCESSING

Fast print-out machine

DOCUMENTATION is offering in

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lation is about £1m.

• ELECTRONICS

Planning to diversify

THE THREE directors of

corporation's products and

service the installed base in the

UK only.

Two companies already in the EAL fold as a result of the new approach are Cambridge Electronic Workshop, making theatre sound equipment, and Röhrl Electronics, which manufactures large screen oscilloscopes.

The amount paid is not disclosed. Reasons behind the move however are a desire by the U.K. company to follow a diversification programme

coupled with a contraction of the U.S. corporation's European operations following a period of difficulty in the home market.

The UK company will continue to make available the U.S.

interest in young, small companies with viable technological ideas which are not able to win support from the more usual sources.

He contends that nowadays in the U.K. it is almost impossible for start-up funds to be raised by technology-based companies that need less than £100,000—the merchant banks, NRDC, the NCB and similar organisations are not interested in that level of investment by claims, and the high street banks "simply cannot comprehend such propositions in the first place."

Murphy says that EAL intends to acquire such companies at the rate of perhaps two a year for the next few years.

EAL is at Victoria Road, Burgess Hill, West Sussex, RH15 0JR (0444 5101).

Facilities have been created at EAL's Gatehouse Road, Aylesbury.

The latter-based near Geneva headquarters, to provide

—supplies a comprehensive guidance, instruction and special

range of multi-purpose high training for its customers' main

the maintenance and repair work.

More from EAL at 0296 81341.

• WELDING

Distribution agreement

THE INDUSTRIAL fastening and

British Industrial Fasteners division via its specialist

supplies operations of BIF will market the Pertus product

British Industrial Fasteners division via its specialist

supplies operations of BIF will market the Pertus product

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British Industrial Fasteners division via its specialist

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Worcestershire
Tel: Bidford-on-Avon
3721 (20 lines)
STD 0178 96613721

Building and Civil Engineering

Search for water in Burma

GROUNDWATER Development Consultants (International) a joint venture of Sir M. MacDonald and Partners, consulting engineers of Cambridge, and Hunting Technical Services of Boreham Wood, Herts, have been appointed to assist the Government of Burma in setting up a new groundwater department within its Department of Irrigation.

First stage of the work, which is just starting and is scheduled for completion in two years, includes exploratory drilling of

about 100 wells in four areas of central Burma and the development of up to 85 of these as production wells. The consultants will assist in organising involving groundwater investigation and the construction of pilot wells. The objective of the third phase is the exploitation of groundwater for irrigation through the dry season, and for additional irrigation during the monsoon so that a system of highly productive multiple cropping may be undertaken.

This is the first appointment in Burma for Sir. M. MacDonald and Partners.

£5m jobs for McAlpine

SEVEN NEW contracts, totalling about £5m, have been awarded to Sir Robert McAlpine and Sons.

The company will build on Oncology Unit at the King Edward VII Hospital in Midhurst, Sussex, an extension to the National Army Museum in London, a shopping development in Sunderland, and an extension

£4.7m worth in South

THREE COMPANIES in the French Kier Group have received contracts totalling over £4.7m, the largest being one for £2.7m from the Greater London Council for river flood defences on the Thames.

This contract has gone to Kier and will take 22 months to complete. It includes sheet steel piling, bored or driven load bearing piling, ground anchors, post tensioned concrete work, brickwork, structural steelwork, timbering and embankments.

A contract worth £1.1m has

Rush and Tompkins busy

AN AMENITIES block for Wintrop Laboratories to be built at Newcastle upon Tyne by Rush and Tompkins.

The contract is worth £1.5m and calls for a 68 metres by 31 metres two-storey building which will be steel-framed with reinforced concrete floors and roof. Precast panels and brickwork cladding will be used. Design is by the Ronald Clapham Partnership.

Other work in the north-east, worth over £400,000, includes factory, nurses' units for the Borough of Hartlepool, a depot for Service Engineers at Colville, workshops and offices at Durham for Bridge End Motors, alterations and refurbishing work at Crumlington for British Gas, and further civil engineering work at Redcar for the British Steel Corporation.

The £300,000 fitting-out of a store for Caters—Debenham supermarket chain, has started at Kingston-on-Thames, Surrey and further work valued at £250,000

£100m to Jeddah shipyard group

A CONSORTIUM of Saudi-Tarmac of Jeddah and the Swiss Company Navegink-Sapeco, has won a £100m contract to build a ship repair yard in Jeddah.

Dr. Fayis Badr, president and chairman of the Ports Authority of the Kingdom of Saudi Arabia, signed the contract which covers the construction and management of the yard. Completion is due in 1981.

Saudi-Tarmac was commissioned by the Ports Authority in September 1977 to carry out a feasibility study into the construction of a ship repair facility in Jeddah and to undertake this to start in December.

The quarry, owned by Tarmac Roadstone (Southern), has so far supplied more than two thirds of the 30,000 tonnes scheduled this year.

From the quarry face the blocks—weighing between two and six tonnes each—are taken by dump trucks to wagons on the quarry's rail sidings and then by British Rail to a stockpiling area near the Thames Barrier site.

The flood barrier project is the second big order for such stone. Some years ago about 100,000 tonnes were supplied for harbour works at the British Steel Corporation's plant at Port Talbot in South Wales.

Caldon Low, which has been a quarry for about 200 years, employs 70.

Housing in the north

PRIVATE residential developments are to be carried out in the Cleveland area by William Leech (Builders) the Tyneside-based building group. The group recently spent about £1m on the purchase of land in the Cleveland area for three main projects.

One of them is at Stokesley, where a development of more than 80 detached executive-type homes is to be carried out on former grassland. The houses have been approved by the appropriate authorities. Prices of dwellings will range from £14,500 to about £21,500.

The third development is at Yarm and provides for about 300 units on 30 acres of land at Layfield Farm. Work is expected to begin as soon as the plans are issued.

The scope of work will include site clearance, levelling, roadways, drainage, all services and buildings of prefabricated and other forms of construction.

Tenders will be called for on a turnkey basis.

It is envisaged that a limited number of dwellings will be required to be completed, furnished and ready for occupation by September 1979. Contract completion by April 1981 is required.

Tenders will be invited to put forward proposals for fencing the project.

Firms with adequate experience of comparable projects, preferably in the Middle East, who wish to tender are required to register by the 30th November 1978. Application must be made in writing to the Chairman, Yemen General Electricity Corporation, P.O. Box 178, Sana'a, Yemen Arab Republic (Telex 2275 YGEC YE) with a copy of their application to the Consulting Engineers, Kennedy and Donkin, Premier House, Woking, Surrey, United Kingdom (Telex 59123).

Firms whose registration has been accepted will be advised when tender documents are available for collection from the Woking office of Kennedy and Donkin. A non-returnable fee of 2000 Yemeni Rials or £230 sterling will be charged for each set of documents at the time of issue.

CHILE, SOUTH AMERICA FOR SALE

12,610 acres of forest land planted with Insignis (Monterrey) pine (Pinus Radiata). Industrial sawmill installations 20,000 CBM capacity, one shift. 310 acres yearly yield rendering approx. 45,000 CBM sawn lumber. Very fast recycling—23 years.

Tenders to be submitted by 14th December 1978 in Santiago, Chile.

Full tender documentation available from: Nitrate Corporation of Chile, 20 Ropemaker Street, London EC2Y 9AP. (Telephone: 01806 7744.)

ART GALLERIES

MAIL GALLERIES, The Mail, S.W.1. The Gate of Heaven, Landmarks by Gidey. E.C.2. Carte Blanche, 10-12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 860, 861, 862

The Executive's and Office World

JOHNSON

EDITED BY CHRISTOPHER LORENZ

How two entrepreneurs shaped up to the challenge of launching a new game

BY NICHOLAS LESLIE

EVERY entrepreneur must challenge. And it was Taylor's dream of being given enough ability to spark off ideas and money—as a gift, and with no Eliot's ability to harness them strings attached—to put his with commercial possibilities company on its feet. But to which led to the game being expect the dream to become launched?

Well, it was not so for Mark, 18 months ago, when they were near neighbours in the wilds of the Welsh countryside. But it was not until some months later, when both had moved to the best board game since different homes that their plan Scrabble or Monopoly, they was hatched. As Eliot describes found they were saved quite it, the idea was to take two literally, by a donation of separate, but very old concepts—a board game and a game

involving shapes—and combine on the threshold of scoring a them. They reckon that by the end of the year, when the peak Christmas season is over, they will have sold 100,000 sets—and this in only the first full year of operations.

Because of their good fortune in getting such a sizeable cash gift Eliot and Taylor provide an extremely untypical example of what it is like to "do your own thing." But aside from this, they are ideal examples of entrepreneurs because they demonstrate clearly the kind of tenacity that is needed to develop a product to the point where it cannot be improved, to keep on lobbying for financial support, to market a product in the face of both resistance and apathy and to risk all one's own capital.

A notable feature of Eliot and Taylor's success to date is that it has been achieved by two such distinctly opposite types of character. Eliot, 38, is a rather quiet, self-confident director and producer of documentary films. Taylor, 41, is a boisterous, eccentric artist. Yet they both proved to be perfectionists when it came to creating a game which they felt had something to produce. Eliot would have widespread appeal and which could be played at £10,000. This, however, was

different levels of intellectual eaten up fairly quickly:

Then, out of the blue, Eliot and Taylor's patent agent told them that an American was interested in their game and would they like £30,000? This seemed too good to be true, but it turned out to be a genuine offer. They met the American and reached a broad agreement whereby if the game was successful, the American would get royalties and if it wasn't he would bear the losses.

But before the agreement was signed the American disappeared. The patent agent was embarrassed and Eliot and Taylor were, to say the least, disappointed. However, Eliot was convinced the American was genuine and contacted various people whose names had been mentioned in conversation with him. Eliot's persistence was rewarded when he traced the American to a hotel in Los Angeles.

The American (whose name Eliot and Taylor keep closely to themselves) said he still had faith in the game, but was having to sort out some business problems.

But as an act of good faith he gave them £5,000 immediately—this was in recommendation. He wanted to facility for Skirrid of up to £10,000 as a gift.

Meanwhile, the game had gone into production with subcontractors. Eliot and Taylor committed themselves to an initial order of 3,000 but got a rude shock when, after contacting ten stores in various parts of South Wales—representing a cross section of toy shops, book shops and department stores—they got possible orders for just 300.

It is at this point that their rearing again showed through.

Rejecting the notion that they should try and sell their game to a toy manufacturer they what the game was about. But started an extended tour of the because he and Taylor could ten stores, persuading the not put up any capital themselves that they should be sellers—their own savings and the £16,000 having been either spent or committed—none could help. Eliot, unlike some entrepreneurs who are extremely critical of finance institutions, believes their resilience in his case is entirely understandable.

The upshot of this was that by Christmas Eve they had sold all 5,000 sets. At the same time, on December 22 and with no agreement signed with the two brothers—Des and Ormond Thomas—who own a company him for £11,000 appeared in Eliot's account.

This gave them a considerable boost. But why, it can be reasonably asked, would anyone just give away £16,000? There seems to be no clear explanation other than that the American appears to have a habit of depositing cash with a variety of entrepreneurs, presumably making money with some and losing it with others.

Eliot realised that even more money—probably £50,000—was needed if the game was to be marketed as he saw fit. He was

determined that, rather than however, that Skirrid needed give blanket exposure through more than £50,000 if it was to develop more by word of mouth they agreed to guarantee a balance of £25,000 by December 22 he would give them another £10,000 as a gift.

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They worked on this for six months last year, throwing out a multitude of ideas and getting embroiled in a whole series of arguments with one another. At the same time, they were researching their market to see what type of games were generally on sale.

The game Eliot and Taylor began to refine involved a board with numbered and blank squares with each player having a series of different shapes. The aim is to place the shapes over the squares in such a way as to cover as many numbers as possible. The greater the sum of numbers covered on each play the better: the highest eventual score wins. The concept is simple, but the game as now marketed can be extremely testing.

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A fairer deal for pensioners

BY ERIC SHORT

THIS WEEK old age pensions rise by 1½ per cent in this year's annual revaluation of pensions. Next month pensioners receive another tax-free Christmas bonus of £10. So it is opportune to ask whether we treat our senior citizens fairly.

The Government is confident that pensioners get a good deal. Mr. David Orme, the Social Services Secretary, when announcing the Christmas bonus, pointed out that, after the price increase, pensioners will be well above the rate of price inflation. Pensioners will be 20 per cent better off in real terms than when the Government took office in 1974.

Mr. Stanley Orme, the Pensions Minister, is even more sanguine on this score. He strongly asserts that the Government can be proud of its record over old age pensions.

Yet the response from the pensioners themselves to this question is a resounding No! At least, this is the message from thousands of pensioners who rallied a few weeks ago in Trafalgar Square under the TUC banner to demand an immediate substantial rise in pensions.

Better off

Well, who is right? The answer, paradoxically, is that both are. Pensioners are better off in real terms compared with five years ago. But the original pension level was abysmally low. A 20 per cent improvement on very little is still quite small. What the Government has overlooked is that pensioners' expectations have risen even more rapidly than the pensions. And they are making their grievances known more forcibly.

The demands of pensioners have been fuelled by the introduction of the new State pension scheme. This, when it reaches maturity in 20 years, will provide a reasonable pension to all who retire after that time. But, for existing pensioners, it provides nothing extra. Naturally, they are asking why the next generation of pensioners should be treated better than the present one.

The pensioner organisations are also not happy with the amount of this week's increase. Although it is well above the rate of price inflation, there are doubts whether it will match the increase in earnings over the 12 months from last November.

When the Labour Party was fighting the February 1974 election, it promised that pensions would be revalued in line with earnings or prices, whichever was the more favourable. The

Conservatives specified only that pensions would be kept in line with prices. Mrs. Barbara Castle, that fiery champion of pensioners, was emphatic that pensioners should share in the prosperity of the country by having pensions linked to earnings.

But, when the legislation to implement this promise was enacted, the wording was left very loose. Effectively, the Secretary of State must revalue in line with earnings or any other measure he thinks fit. An attempt by three pensioners last year to challenge in court the present action of the Secretary

was one of five speeches in the House of Lords in the appeals of Pickett (Administrator of the Estate of Ralph Henry Pickett, deceased) & British Rail Engineering Limited. It was a case concerned not with damages but with damages.

The case before the House of

Commons raised three questions: damages for loss of earnings; damages for pain, suffering, and loss of amenities; and interest on the damages for pain and suffering.

The current rise, which was announced in April, was based on a forecast of earnings increases between November 1977 and November 1978. The previous upratings in 1976 and 1977 were based on forecasts of price inflation, since these were higher than earnings, and, in both cases, the forecast was extremely accurate. But what happens if, this year, the forecast turns out to be too low? This has not happened before.

Mr. Orme has reaffirmed that the Government will stand by its promise of revaluing in line with earnings. But he is not going to admit that the forecast may have been wrong until the official figure for the period is published. This will not be until January. And, since it takes six months to implement an increase, the only practical course would be to add any shortfall to next year's uprating.

Too severe

But pensioners have the feeling that, as long as the increase exceeds the rate of price inflation, nothing further will be done. The impression coming strongly from the Treasury is that it is not happy with revaluing pensions in line with earnings and never has been. This method imposes too severe a burden on the Exchequer at times when it is trying to keep public expenditure under control.

If this is the view, then a definite statement of policy needs to be made. There is a strong case for formalising pension increases, as there is with Civil Service pensions, based on historic movements of earnings or prices. Pensions ought not to be reduced simply as part of public expenditure. But this is only true if a much clearer line than at present is drawn between national insurance contributions and general taxation.

At the date of the trial, Mr. Pickett was a married man of

53 with a wife and two children. Before his wife was then 41, before he became short of breath in 1974, he had been a "very fit man who was a non-smoker, a cyclist of great accomplishment, for he had been a champion cyclist of apparently Olympic standard, and he was still leading a most active life in March 1974, cycling to work each day."

Mr. Pickett appealed against the judgment to the Court of Appeal. The appeal was heard in November 1977. But unfortunately Mr. Pickett died as a result of his mesothelioma of the lung on March 15, 1977, less than four months after he had obtained judgment. An order to carry on his appeal was made in favour of his widow, who was the administratrix of his estate.

The Court of Appeal increased the damages for pain, suffering, and loss of amenities from £7,000 to £10,000, but refused to award any interest on that sum. Likewise, the Court of Appeal made no award for loss of earnings beyond the period for which Mr. Pickett actually survived.

Mrs. Pickett appealed to the House of Lords. She claimed that a larger sum than £10,000 should be awarded in respect of her husband's loss of earnings and that interest should be awarded on the damages of £10,000.

British Rail Engineering also appealed to the House of Lords against the award of £10,000.

The House of Lords awarded damages for negligence and/or breach of statutory duty. The issue which was in dispute was the amount of damages he should be awarded.

On July 14, 1978, he started proceedings by issuing a writ against his employer claiming damages for negligence and/or breach of statutory duty. The issue which was in dispute was the amount of damages he should be awarded.

Mr. Orme has reaffirmed that the Government will stand by its promise of revaluing in line with earnings. But he is not going to admit that the forecast may have been wrong until the official figure for the period is published. This will not be until January. And, since it takes six months to implement an increase, the only practical course would be to add any shortfall to next year's uprating.

On October 12, 1978, Mr. Justice Stephen Brown awarded damages under various heads. These included £7,000 by way of general damages for pain, suffering and loss of amenities; £7,875.50 as interest on the £7,000 at 9 per cent from the service of the writ and £1,505.88 as a net sum in respect of loss of earnings. The £1,505.88 was calculated from a finding of fact that Mr. Pickett's life expectancy had been reduced to one year from the date of trial, and the loss of earnings was confined to that period, which was the period of his likely survival.

In addition Mr. Justice Stephen Brown awarded Mr. Pickett £500 for loss of expectation of life. The overall award of damages amounted to £14,947.64.

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Kent Opera at Eastbourne

by MAX LOPPERT

The best of Kent Opera productions have a dominant quality in common: a directness of style based equally on musical and our dramatic scrupulousness. Two such productions, *Rigoletto* and *The Return of Ulysses* (both given in English) form the major part of the repertoire (completed by *The Seraglio*) being taken around the south of England on the company's autumn tour. (This began last week at the Congress Theatre, Eastbourne; its subsequent stopovers include Paignton, Southsea, Bath, Reading and Canterbury.)

Rigoletto, produced by Jonathan Miller, and revived for the first time since 1973, is a notable example of the Kent Opera style at its most admirable. The producer has updated the time of the opera from the 16th century to 1851—the year in which it was first performed. The disadvantages attendant upon time-shifts of this kind have been well aired, and often instance; yet because of the stunning intelligence and tact with which the transformation has been achieved, the obvious gaps in logic are few, while the dramatic pressures of the libretto have been singularly reinforced by the pseudo-Victorian ethos.

From the opening, it soon becomes clear that the essentials of Verdi's opera have been respected; indeed, they lay the foundation of the production. The characters have been created out of the music, rather than remodelled against the grain of it, in support of some directorial thesis. There is menace in the opening scene, its courtiers in evening dress gathered into sinister groups against Bernard Culshaw's spare scenery; a chill is sent through the house by the first appearance of Sparafucile, a Jack-the-Ripper figure in top hat and turned-up collar. These are only two of the gains of the production, moments of truth and dramatic sharpness usually hard to win in the usual picture-book settings. But it is the dramatic nerve-centre of the opera, its trio of central relationships, that most concerns the producer, and he has laid it bare with an almost-painful simplicity.

Roger Norrington's return to the score as Verdi wrote it is no less of a revelation; every note is there in its original form, without the *schlomper* of traditional theatre cuts or additions of decorative high notes to the vocal lines. This approach



Jonathan Summers and Meryl Drower in 'Rigoletto'

is not only apt to the drama articulation and balance, of his small ensemble of "authentic" instruments, a superbly triumphant demonstration of escape the ear or else are passionate and pure style of thinking in the score which lousy batons—the absence of a fand the conductor occasionally lends his own singing voice to the proceedings), yet always as it should be—dictated by the movement of the vocal lines. And, to crown the riches of an evening filled with beauty, colour and gentle human warmth, there is, an infinitely touching Penelope in Sarah Walker, whose noble bearing, unfalteringly vivid and clear, lend the whole performance the singing line, which one once as a whole.

As conductor, Mr. Norrington's return to the score as Verdi wrote it is no less of a revelation; every note is there in its original form, without the *schlomper* of traditional theatre cuts or additions of decorative high notes to the vocal lines. This approach

conscious of careful orchestral a surprise now than it was in a special distinction.

Sadler's Wells

Semele

by RONALD CRICHTON



Teresa Cahill

Handel's *Semele*, with words by Congreve, is a glorious piece of wit, dynamic, full-blooded. Since the rediscovery for today's public of these musical and dramatic riches was largely due to earlier revivals by Handel Opera, one should suppose be charitable about the present effort, the second production (seen on Friday) of the current season at Sadler's Wells. In spite of continual financial stringency the Society manages to cast a net fairly wide into operatic waters to catch producers, designers and singers. One must forgive an occasional stumble. All the same the offence of this one, in which a masterpiece is botched not by too radical or original an approach but an inept, superficial and insensitive one, must not be doubted over.

This *Semele* in fact is a revival of a production by Leif Söderström first seen (though not by me) a few seasons ago. Good things first. Teresa Cahill sings the title-role. Her Semele is warmed, dimmed and caramelised, a girl for whom the whole of existence (carried into eternity if possible) is a box of chocolates and a downy bed. Something like Miss Cahill smudges Handel's line but by and large her singing charmingly expresses the sensual side of human nature which Handel understood so well.

Jupiter is Anthony Rolfe Johnson, who deserved the side.

classical things he drew for "Where'er you walk," and also deserves to have been given more effective

and blues. There are striking Charles Farncombe conducts.

cupids with boudoir bows, one to the Overture (a fine one) pro-

testable. The costumes by Chamber Orchestra nipped one obvious answer. Or, since

Alison Stewart Richardson rely brightly through the quicker Covent Garden and the Coliseum

heavily on masks, apparently numbers but in moderate or slow are too large, the regional com-

derived from post-war Cocteau speeds Mr. Farncombe's beat panies, who play in medium-

films. Congreve's salty lines are went faccud—unhelpful to the sized theatre. Somehow *Semele*

so feebly delivered that when heroine, Miss Cahill's rhythm must be firmly and comfortably

they are audible they draw not being her strongest point placed in the repertory.

They need it with human titters. All the raciness goes. The chorus was happiest in the statues of Jove and Juno Michael Rippon's Sonorous, not big finales to Acts 2 and 3, two wobbling on their plinths and helped by surrounding figures places where one is reminded that Semele was not originally given in dramatic form—the choruses were additions to Congreve's libretto. What can be done to rescue a jewel of a work? Glyndebourne, where there are British producers who would understand the style, is detestable. The costumes by Chamber Orchestra nipped one obvious answer. Or, since

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Monday November 13 1978

The tide of competition

OVER the past year there has been a spectacular move from policies through bilateral negotiations to competition in the U.S. airline industry. For the first time in their history, the airlines are being encouraged to decide for themselves which routes they want to fly and what prices they want to charge. This new situation, stemming largely from the efforts of Mr. Alfred Kahn, former chairman of the Civil Aeronautics Board, brings profit opportunities, but also severe competitive pressures: the companies are forced to examine every possible means (including mergers) of making themselves more efficient.

Uncertainty

The wind of change from the U.S. is already affecting the international airline business. Even without Mr. Kahn's influence, the pressure for lower fares has led to a number of important changes, particularly on the North Atlantic route. Extensive reforms have been proposed in the rules of the International Air Transport Association. But there is still disagreement and uncertainty among airlines and governments as to how far and how fast the process of de-regulation should go. This is the central issue for discussion at the IATA annual meeting which opens in Geneva today.

In his annual report the director-general of IATA, Mr. Knut Hammarskjold, warns of the danger of confrontation, as the Americans seek to impose their free trade convictions and even their anti-trust laws on the rest of the world. The Americans, he points out, are calling for increased competition, multiple designation of carriers, liberalisation of charter operations, no capacity constraints and "market-place pricing" with minimum government involvement. These interests of consumers will not be served if governments try to protect inefficient national airlines from the tide of competition. Equally, however, a crude U.S. attempt to export its anti-trust laws is unlikely to be helpful. The American objective of greater competition is certainly right, but in the international market some inter-governmental and even inter-company co-operation is unavoidable. What is needed, despite philosophical differences and commercial rivalries, is for the U.S. and European actions of airlines, even if other governments, at least in not directly affecting traffic to the industrial countries, to agree now on what form the Americans are seeking co-operation.

Co-operation

One of the by-products might be the final elimination of the "much blurred distinction" between scheduled and charter services. Earlier this year the CAB issued a tentative order which, if made final, would remove the anti-trust exemption now enjoyed by the IATA traffic conferences. Once the anti-trust laws are brought into play, Mr. Hammarskjold suggests, they could be deemed unilaterally by U.S. courts to extend to any co-operative actions of airlines, even if other governments, at least in not directly affecting traffic to the industrial countries, to agree now on what form the Americans are seeking co-operation should take.

Mr. Dell will be missed

IT IS A wholly excellent practice more honoured in other Parliamentary parties or in the countries than in Britain—that Cabinet which naturally looks people should move from in to him as its spokesman. He thus rose as far as he did, and vice-versa. In that entirely on merit and because sense, the resignation of Mr. A. Labour Government needed Edmund Dell as Secretary of State for Trade in order to take up a senior post at Guinness Peat is not entirely to be regretted. Mr. Dell should have a also on a Prime Minister who appears not to have tried very hard to persuade him to stay on.

None of this is to cast doubt on the competence of Mr. John Smith, who now takes the Trade post. It was clear from his conduct of the Devolution Bills that Mr. Smith was Cabinet material, and his promotion reinforces the impression that a new generation of moderates is emerging at the top of the Party. No Cabinet that contains Dr. David Owen, Mr. Roy Hattersley, Mr. William Rodgers, Mrs. Shirley Williams and now Mr. Smith can be dismissed as being irresponsibly doctrinaire or entirely without ability. They represent the makings of a reasonably strong team for the future.

Interchange

It remains, however, that there is no one directly to replace Mr. Dell, and until there is greater interchange between industry and politics, this kind of gap will remain. There is no reason to believe that he resigned for financial reasons or that he had become more than usually disillusioned with the political system. Yet for those who may be contemplating a move to Westminster these could still be formidable deterrents. MPs and Ministers are of those suits. It was rather too badly paid to make the move attractive, even allowing for the fact that there probably should be some sacrifice. Too much of that is not common in the Ministers' time is taken up by the Labour Party as a whole. Such heading off extremists from their own party. If Mr. Dell was depressed by some of those suits. It was rather easily reigned. Yet what he will be more effective elsewhere?

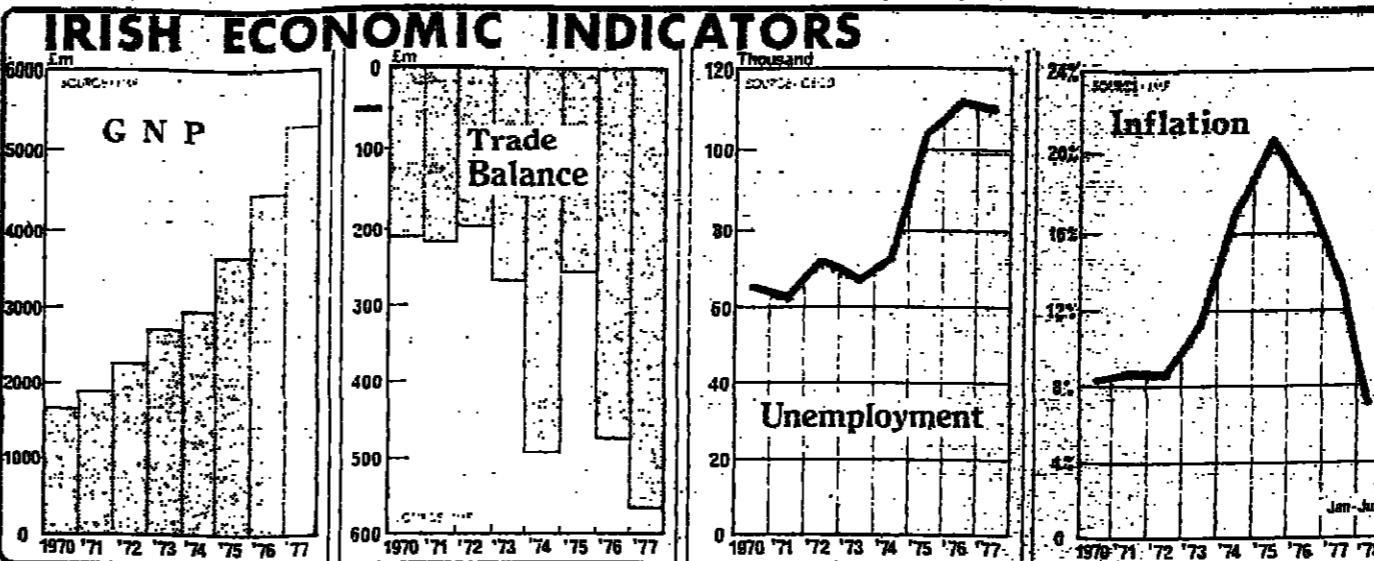
Mr. Dell also occupied a special position in the Labour Party, and in the Cabinet. It was not just that he is an intellectual and a moderate—Labour is not especially weak in either rents. MPs and Ministers are of those suits. It was rather too badly paid to make the move attractive, even allowing for the fact that there probably should be some sacrifice. Too much of that is not common in the Ministers' time is taken up by the Labour Party as a whole. Such heading off extremists from their own party. If Mr. Dell was depressed by some of those suits. It was rather easily reigned. Yet what he will be more effective elsewhere?

Experience

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Why the 'supersnake' has Ireland in its spell

BY STEWART DALBY, IN DUBLIN



WHEN IN DUBLIN, it is easy to appreciate the outward appeal that the proposed European monetary system (EMS) holds for Ireland. Irish chauvinism towards Britain goes back centuries and runs as deep as the North Sea oil wells.

For many years, Irish nationalists have been looking for a way of breaking the monetary union that links the Irish pound and sterling, and the creation of the EMS would appear to present an ideal opportunity—particularly if Ireland joins and the UK does not. But despite Ireland's determination to go ahead, regardless of Britain's decision, the Dublin Government is still hoping that both countries will join together.

In strictly economic terms, the Irish Government is fully aware of the dangers if the two currencies' exchange rates are allowed to diverge. Ireland still trades with the UK, and on Thursday night in London, Mr. George Colley, the Finance Minister, told Mr. Denis Healey, the Chancellor of the Exchequer, that he would prefer the rates to remain fixed. Both countries realise that exchange controls would have to be introduced, quite apart from the trade consequences, if the two currencies are to be detached from each other. Mr. Colley points out that one result would be to make Irish pound notes unusable in Northern Ireland and the rest of the UK and vice versa.

The general opinion in Ireland, although Mr. Colley will not admit it, is that the Irish pound would, at least initially, appreciate against sterling if Ireland joined the EMS. The Irish are concerned at the harmful effects this would have both on their tourist and their trade balance with the UK. This year UK exports to Ireland at £1.13bn, are running £250m ahead of Irish exports to Britain.

Manufacturing output this year is expected by the Ministry of Economic Planning and Development to rise by between 10 and 11 per cent, new investment in manufacturing industry by 20 per cent, and real incomes by at least 3 per cent.

Total exports, in value terms, should increase by at least 20 per cent.

While tourism remains an important industry, Ireland's membership of the system would not mean that Dublin would at least gain control of its own monetary policy. Rather, over 80 per cent of Ireland's agricultural output—which itself accounts for nearly half of total exports—comprises in which the opportunities for beef and dairy products, for growth are perceived as being limited.

In other words, Ireland wants reliable outlets, is good. Farm to hitch its wagon to what it incomes have grown handsomely—last year by 34 per cent. This year, Dublin's Agricultural Institute predicts a 17 per cent increase.

Much of this higher income

has been ploughed back into the land: in the form of greater path towards integration with use of fertilisers. Agricultural Europe—a path which has already brought Ireland great rewards in the higher prices it

gets for its agricultural goods in some areas of east Ireland last year.

Even before Ireland joined the EEC in 1973, however, the process of encouraging export-led industrialisation had begun. Ireland's Industrial Development Agency is empowered to offer grants of up to 60 per cent of the capital cost of projects in the west of the country (45 per cent in the east), plus training grants and loans. In harness with the Export Board, another state agency, the IDA was instrumental in securing faster growth of manufactured exports in the late 1960s.

But again, it has been membership of the EEC which has given manufactured exports a real boost, because it has meant an influx of large foreign companies initially attracted by both the ready availability and the relative cheapness of Ireland's labour force. In the past few years, labour costs have risen to the point where they are now drawing level with the UK, but Ireland's record on stoppages and man days lost is historically better and has only recently shown some signs of deterioration.

Advantages to investors

One advantage that it has been able to offer to overseas investors, however—the absence of taxes on exports from Ireland—is actually prejudiced by Ireland's membership of the EEC. Ireland has undertaken to end the exports tax holiday by 1990 in deference to the Brussels view that it runs counter to the spirit of the Treaty of Rome. But Dublin Ministers feel they can compensate for its loss by other means, one possibility being the abolition of corporation tax, currently imposed at the same rate as in the UK.

Overall, exports have increased nearly tenfold since 1968. Over half are now manufactured goods and 47 per cent of total exports now go to the UK, compared with 65

per cent 10 years ago. Other Common Market countries take enough and the pound sag, making deflation necessary, what remains.

But if Ireland is currently growing rapidly, the big question is how to keep the process going. The answer of the Fianna Fail Government has been to boost spending under a plan drawn up by Dr. Martin O'Donnoghue, the Minister of Economic Planning and Development.

To date the government has scrapped road tax on vehicles under 2000 cc. It has abolished domestic rates and it has raised tax allowances for both married couples and single people. The economists put the true figure like £100m to the Government.

In Green and White Papers setting out his policies, Dr. O'Donnoghue has said that he wants nil unemployment by the mid-1980s.

However, there are still 4,000 workers a year coming out of the job market from agriculture. And one can double this figure when account is taken of those moving out of the declining industries like textiles. If married women and school leavers are added in, then to fulfil his pledge it will be necessary to find 26,000 new jobs a year until 1983.

Half of these should not be a problem, since the IDA this year expects to create some 13,000 new jobs in industry and could do even better in the next couple of years. Another 10,000 jobs a year, or perhaps slightly less, are due to be provided by expansion of services like the central bank a month ago to ask the commercial banks to start applying the brakes.

The lack of control on credit has seen imports soar, and this impinges more than a little on the problem of Ireland's vulnerable balance of payments situation and whether it could maintain the chosen parity of its currency within the EMS.

But the cost is high. Ireland has a public sector borrowing requirement of 13 per cent of GNP, compared with less than half that in the case of, for example, the UK. Although it has been higher—it was 18 per cent four years ago—it is still

now up to nearly £1.1bn. But a similar situation cannot be guaranteed for the future.

The government has asked for £850m in extra aid from the EEC as its price for joining the year after. In the immediate

future he admits that this will mean cuts in some social and welfare spending and no growth in other areas of public expenditure. But in the long run he sees borrowing also being cut as the result of higher government revenues from Ireland's expanding industrial base and from a widening of the personal taxation net.

The model possesses some plausibility, but apart from the problems posed by Ireland's balance of payments situation there is also the consideration that, with unemployment slashed, it might be difficult to ensure that labour costs do not get out of hand and productivity gains continue. On the broad definition of output per man this has been rising in recent years by 6 per cent per year.

There have been some successful national wage agreements covering some 70 per cent of the workforce. The last one provided an overall package of 10 per cent, which was slightly below the rate of inflation. This year's agreement is in the pipeline, rather it is to cure what is seen as being negotiated.

So far, the rationale behind government policy has been not just keeping the growth rate of inflation, but if Ireland is currently growing rapidly, the big question is how to keep the process going. The answer of the Fianna Fail Government has been to boost spending under a plan drawn up by Dr. Martin O'Donnoghue, the Minister of Economic Planning and Development.

To date the government has scrapped road tax on vehicles under 2000 cc. It has abolished domestic rates and it has raised tax allowances for both married couples and single people. The economists put the true figure like £100m to the Government.

Even ten years ago, the first time visitor to Ireland could easily imagine he was going back in time by 50 or 60 years.

Today Ireland is building and prosperous. Large chunks of Dublin have been ripped out for office block development. The streets are congested with cars. Department stores are full of Japanese stereos and tellys. London furniture. The city centre has pizza houses, hamburger joints and neon signs galore.

The change is even more marked in the country. The number of new bungalows, replacing the more aesthetically pleasing thatched cottages, is astonishing to anyone making a return trip after a decade. The new houses, moreover, always appear to have a new television or at least a Fiat 127. In their gardens and a new tractor in the drive.

The new prosperity has attendant problems: land and house prices have shot up in the past few years, and prime agricultural land now fetches up to £2,000 an acre, more than in the UK. House prices along the eastern seaboard have increased by nearly 50 per cent during the past 18 months.

But at least for the moment, they are problems with which the Irish are prepared to live. For the fact remains that, thanks in large part to its membership of the EEC, Ireland now possesses some thing which has eluded it for centuries: a fair degree of prosperity, and at least a reasonable prospect of more to come.

MEN AND MATTERS

Trading for a future

There could hardly be a greater contrast between the styles of the two Secretaries of Trade. Edmund Dell is quiet, keeps himself to himself and a Londoner who lives in Hampstead Garden Suburb; he was a history don at Oxford before moving to ICI. His successor is a ebullient, slightly roly-poly and a Scottish advocate who has been based in Edinburgh.

At 40, John Smith becomes the youngest member of the Cabinet—another for the Club of Great White Hopes who have their eyes on Number 10.

He was at a grammar school in Dunoon down the Clyde but, anchored firmly in the mainstream of Labour politics, is far removed from the Red Clydeside of the 1920s. He is ambitious and middle-of-the-road, which perhaps contributes to the way that even Tories north of the border concede that he is one of the more able figures recently produced by the Labour Party in Scotland.

At university in Glasgow he won the Observer's mace in that paper's student debating competition—as did Donald Dewar who held Garscadden for Labour this April.

Westminster attracted Smith twice without success, was lucky not to be nominated at Hamilton in 1967 when Winnie Ewing swept the Scot Nats on to the front pages, and reached Westminster via North Lanark in 1970. He was quickly picked out by Wilson. His ability to master a subject impressed civil servants at the Department of Energy where he served as a junior minister for two years. But he made his reputation with the devolution Bills.

Smith had little stomach for his minutiae of the Bills' progress. The tenacity with which Smith, his deputy, picked up the shambles of the first ill-

signed Bill and saw its successors through endless all-night sittings probably owed as much to the Israeli Deputy Prime Minister, Yigael Yadin, his linking the issue with his own political future as to his devotion to constitutional change. In fact he had been grooming himself to enter the Cabinet as Secretary for Energy, but the Prime Minister was not willing to confront Anthony Wedgwood-Benn.

Dell's progress to Cabinet a decade earlier had been rather more sedate. He first made his name on the backbenches as one of a trio comprising Joel Barnett and Robert Sheldon, both now at the Treasury.

But despite his string of jobs politics never seemed to grasp him as it did others from the class of '64. To many he seemed less suited to Westminster than to Whitehall.

After the Labour defeat of 1970 Dell was somewhat surprised that no company approached him. He had, after all, senior management experience at ICI and ministerial experience—just the sort of background that business mops up among Tory politicians.

Guinness Peat came to the rescue before the 1974 elections. Now the man who was once Boys' Chess Champion of London has decided to check his political career completely.

The 1000th wife

Egypt and Israel have, it seems, already concluded one peace agreement. But if there were no Nobel Prize at the time the pact was reached in 1970 BC there were also some results of the agreement which are unlikely to be seen today.

The agreement was between King Solomon and the Egyptian Pharaoh Siamon of the 21st Dynasty. It was signed after ship. He admits it would take around 12 per cent longer to sail but argues that it would stir the hearts of all concerned with glorious 23-knot sprits. It would also, he says, put an end to the alarming growth in the turnover of seamen and officers.

Musical ride

A reader tells me that when with violin case under his arm, he asked a taxi to take him to the Albert Hall. The driver said: "How would you like it? Large or molto allegro?"

In the doldrums

Captain Michael Willoughby is still lacking a fair wind for his plans for Britain to lead a new era of commercial sailing ships.

His hopes of obtaining backing for a £10m plan to build a prototype have just been scuttled by the Department of Industry's Ship and Marine Technology Requirements Board.

He had designed a five-masted, square-rigged barque with the same

capacity as the popular 15,000 deadweight ton SD 14 motor ship. But the committee

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Post dictum

From "Hoover's FBI" by William J. Turner: "The Director (Edgar A. Hoover) is fond of putting pungent notations on the borders of memorandums. . . .

Once he was ticked by a mem

scratches. "Watch the borders," he wrote in his character

istic green ink. Uncertain of

what he meant and afraid to ask, officials carried out the dictum to the letter. For over a week agents were staked out along the Canadian and Mexican borders, unsure what they were watching for."

Irma Finch gives all she has to Barnardo's

Her time

Mrs Finch is a widow with a little time on her hands. A warm, friendly personality, she spends several hours each week with some of the children and their parents

FINANCIAL TIMES SURVEY

Monday November 13 1978

JP1, inlets

Optimism despite many problems

By David Tonge

SOCIAL PEACE, a change of order, and a country respected in the community of nations—these were the elements of the "bright liberal future" held out last year by Mr. Bülent Ecevit in the election campaign. But since he came to power at the New Year much of this vision has receded over the horizon. The death toll in political violence has doubled: over 600 people have been killed since January. The "change of order"—loosely-defined social reforms—has had to be deferred as the Western financial community has obliged the country to take a series of bitter measures.

Coupled with such claims come the observations that the early for the Government in the Turkish Republic is a mere 55 years old; that its inheritance is limited returns. A sense of the Ottoman Empire was imparted to Turkish foreign policy but with the important exception of some improvement in military relations with the U.S. few of the birds have yet come home to roost.

Stimulus

There have been two slight improvements on the way, with the military feeling obliged to step in to both in 1960 and, more disastrously, in 1971. None the less, flight from the land. Emigration is a ware among developing countries, it is through economic factors but with the important exception of some improvement in military rule.

The snows sweep in over the vast Anatolian landmass the spills on the way, with the military feeling obliged to step in to both in 1960 and, more disastrously, in 1971. None the less, flight from the land. Emigration is a ware among developing countries, it is through economic factors but with the important exception of some improvement in military rule.

The country is now coming out of the trough they suggest, between the city centres and the slums, so there remains a one whose solution is little helped by the political parties' Monetary Fund.

privated east. The average urban income is four times the average rural income—and the east lags far behind this average.

The continuing rise in population is an integral cause of the strain. The growth has averaged 2.4 per cent in recent years, meaning that around the turn of the century Turkey could have the largest population in the Western European community which it aspires to join. But family planning services lag far behind the call for them and the health services are starved of funds and personnel—even if more attention is now paid to this sector.

The persistent failure to implement such measures as the long-promised land reform means that the lot of the village dweller remains a sorry one. There are a few projects which aim to improve matters. But he has made some progress in bringing the security services under control. The British and West German advisers to whom he has turned have reportedly been "amazed" at the state in the Turkish police.

If this sector has been dispiriting for Mr. Ecevit so too has the economic situation. In this case as well his legacy was a bitter one. Just as Mr. Demirel had failed to stave off the economic crisis of the late 1960s so he again allowed Turkey to spend itself into virtual bankruptcy in the years 1975-77.

The cartoonists have depicted him as a reckless spendthrift but arguably it was weakness which underlay his policies, or rather the lack of them: his

While head of the Government, the IMF have been insisting on belt-tightening, years to pay off the Ottoman Party of retired Colonel Alparslan Türkeş. Today despite the irreducible evidence of NAP members' widespread involvement in murders, Mr. Demirel refuses to blame the anarchy seen in the price of its basic rations.

Such disillusion coincides with the promotion of a new generation to head the civil service and armed forces—a

generation which did not live through Stalin's territorial demands on Turkey, but which does recall the U.S. opposing Turkey's military aid to the beleaguered Turkish Cypriots was quick to ensure the tabling of the Fund to give more consideration to the political and social conditions of countries without having ulterior political considerations

—would be the man best able to withdraw it. In the event he

is continuing his rightward course. He has won a mandate from his party to leave parliament if necessary.

On the right, the fading forces of the strongly Islamic National Salvation Party are far less hostile to him than is his predecessor in office, Mr. Demirel. The latter is still smarting at the way Mr. Ecevit attracted a dozen of his deputies away last winter, giving them all ministerial portfolios. Now reconfirmed at the head of his party, Mr. Demirel

is continuing his rightward course. He has won a mandate from his party to leave parliament if necessary.

He also retains his readiness to co-operate with the Nationalist Cypriots. Equally, in the 1st Action Party—despite the potentially explosive Aegean failure of previous coalitions.

But there is a tendency in the West to over-react to these developments: "Do we complain when Mr. Vance goes to Moscow?" Mr. Ecevit once replied he is also demanding that larger businessmen that such a

NATO should redefine the areas of responsibility of military command and

and to put some balance into estimates that around 40 per cent of the area was put under

mands 229 seats in the lower

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TURKEY II

Struggles to avoid a long recession

FIVE YEARS ago for the equivalent of about \$400 one was able to buy a 250 sq yd plot of land near the Turkish Aegean seashore. Now for the same amount it is not even possible to buy curtains for a similar-sized house. Inflation, which has been averaging 15-20 per cent in the first six years of this decade, shot up to 40 per cent in 1977. OECD statistics show that by the summer of 1978, the year-to-year rates of increase exceeded 50 per cent for the wholesale prices and some 70 per cent for the cost of living index.

These statistics are sufficient to illustrate the severity of the economic crisis and how formidable the problems were when Mr. Bülent Ecevit came to power in January this year. The other principal problems included a severe foreign exchange famine, a large deficit in the balance of payments, a heavy burden of external short-term debt, and high unemployment.

The roots of the crisis lie in the past and principally centre around two elements: high growth and rapid industrialisation, relying on tariff protection and public deficit spending and failure to adjust to the international inflation and recession which followed the oil revolution of 1973. It is possible to put the blame on political instability, governmental inefficiency, bureaucratic indolence and general economic mismanagement.



Congestion of traffic in the overcrowded streets of Istanbul is the cause of long queues in places such as Taksim Square Bus Station.

The impact of these measures cannot be expected to be immediate, and it is only over a long period of time that their fruits can be collected.

The fact remains, however, that at the end of the first four months of this year the Government had been unable to meet the target it set for itself in several important fields. Inflation

rate and even accelerated with the overflow of "soak inflation" from the last quarter of 1977.

The restrictive measures have contributed to a growth in unemployment, which stands at 20 per cent in highest in the OECD.

Fresh trade data have been

very inadequate and the foreign exchange bottleneck could not

be broken despite the fact that the current account deficit was

reduced by about \$1bn.

The foreign exchange famine

may have started a vicious circle effect.

Shortage of imported raw materials and spare parts

are cutting back industrial production, which in turn is

decreasing exports and increasing unemployment, while the

average utilisation of manufacturing capacity was 50 per cent in

the second half of 1977. This

rate has decreased further in

1978 due to depletion of stocks

and inadequate imports.

The overall effect will be a

reduction in the development

rate which, at an average of

about 7 per cent per annum

over the 15 years preceding the

crisis, was one of the highest

in the world. The GNP rate of

increase in 1977 was 4 per cent

in real terms and will probably

be just over half that in 1978.

The Government anticipates a

real growth of between 2.7 per

cent and 3.5 per cent.

It is clear that Mr. Ecevit

must take additional stabilisation

measures and press on with

crisis management. This has

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New landmarks in foreign policy

ON NOVEMBER 16 two ships from the Soviet Navy are to arrive in Istanbul for a five-day official visit.

Istanbul, which sits astride two continents, is not unknown to Soviet seamen who frequently navigate the Bosphorus back and forth between the Black Sea and the Mediterranean.

Last year over 200 Soviet Navy ships—including the aircraft carrier Kiev—and a large number of merchant navy vessels—voyaged through the Bosphorus. But it will be the first time since Turkey entered NATO that Soviet ships will actually stop in Istanbul on an official visit. Two Turkish destroyers will sail to the Black Sea port of Odessa in the beginning of December in repayment.

Turkish-Soviet relations have come a long way since the end of World War Two when Stalin denounced the 1925 Turkish-Soviet Treaty of Neutrality and on aggression—and made territorial demands on Turkey. Ankara rejected these demands, which Stalin's successors later called "idiotic" and joined NATO.

Khrushchev

After the ousting of the erratic Khrushchev, the Kremlin has pursued a consistent policy of building up a sense of security in Turkey which has paid off and some.

Since the mid-60s, exchanges of top government leaders occurred and in the past decade the Soviet Union became one of the biggest suppliers of project aid to Turkey.

In June this year, Prime Minister Ecevit paid a visit to the Soviet Union and signed a political document on friendly relations and cooperation with the Soviet leaders.

While in no way a non-aggression treaty, the document became a new landmark in relations between the two historic enemies. Mr. Ecevit also sought back a promise of 300,000 tons of crude oil a year in exchange for Turkish wheat and other commodities and increased project credits.

The Cyrus question, one of the principal factors contributing to the reshaping of Turkish foreign policy in the last 15 years, appears to have been the gauge for the improvement in Turkish-Soviet relations.

For Mr. Ecevit, who was Prime Minister then also, Soviet silence must have been a very welcome move which could not easily forget.

The American reaction to the Cyprus war, on the other hand, was something which neither Mr. Ecevit nor any other Turk is likely to ever forget.

The arms embargo, imposed by the U.S. Congress acting at the instigation of the Greek-American lobby, lasted three years and did irreparable damage to the once "perfect" Turkish-American relationship. It would be dramatic but the economic crisis is the Turkish armed forces, particularly the Air Force, suffered meaning that Turkey is now the shaping and conduct of



badly. About 85 per cent of the Turkish arsenal is American-supplied. The embargo was particularly painful because it coincided with a period of crisis in Turkey's relations with Greece.

The Turkish generals could not have relished seeing the balance in the Aegean beginning to tip in favour of Athens while their hands were tied by the embargo and the economic crisis which prevented them from shopping for arms elsewhere.

The embargo's real damage, however, was moral: it undermined, probably permanently, Turkey's confidence in the U.S.—and, by extension, NATO.

To understand the impact of this on Turkish thinking it is necessary to understand that fear of Soviet aggression has been the cornerstone of Turkey's defence and foreign policies for centuries.

"We have to ensure that we do not become the first target in a nuclear war," said an elder Turkish statesman. "Before we should ensure that we don't become a target at all."

It is probably similar considerations which prompted Mr. Ecevit to build up new defence and foreign policy concepts. While as yet more philosophical than practical, these policies reflect a change of attitude to recent international developments which affected Turkey intimately.

Basically, Mr. Ecevit believes that Turkey's contributions to NATO far outweigh the benefits it accrued and, furthermore, Turkey has been stabbed in the back by the American embargo.

Thus, while remaining in NATO, Turkey must see to it that Greece is more real than a war with the USSR.

NATO membership does not become a threat to its neighbours.

Turkey must build up a ring of friendship around it so that it is not embroiled into a confrontation with its neighbours.

It would be dramatic but the economic crisis is the

incorrect to interpret these as newest factor to play a role in

the Turkish armed forces, particularly the Air Force, suffered meaning that Turkey is now the shaping and conduct of

considering a radical change in its Turkey's foreign policy. Mr. Ecevit appears to believe that the West owes it to Turkey to extract it from its dire straits.

The fear of Russian aggression, which for so long dominated Turkish thinking almost exclusively, is no longer the principle factor. Two factors which are arguably more prominent, have cropped up: one of them is the possibility of a confrontation with Greece over the Aegean Sea and the other the economic crisis which has had Turkey in its grip for nearly two years.

The Turks and Greeks have been interlocked in war and peace for nearly 900 years—but never in love.

The Greeks bitterly resent the Turkish intervention in Cyprus—which they blame NATO for not stopping—and fear to the point of paranoia that Turkish claims over the Aegean seabed and airspace conceal Turkish territorial designs on their Aegean possessions.

While rejecting this vehemently, the Turks argue that the Greeks want to oust them out of the Aegean completely and isolate them in the West by invoking a host of racial, religious and historic prejudices against the Turks.

The dialogue which opened at the prime ministers of the two countries early this year have led nowhere although a number of talks at lower levels have been held.

Crisis

The dispute over the Aegean continues to be potentially explosive. The hostility between the two may be compounded after Greece's accession into the EEC. For the Turks the possibility of a confrontation with Greece is more real than a war with the USSR.

With the repeal of the embargo, the Cyprus question has receded into the background and, in the words of a Turkish observer, become "a secondary nuisance."

Turkey must see to it that Greece is more real than a war with the USSR. The economic situation is the

M. M.

Another Progress Report from Turkey's Corporate Bank

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Statement of Condition at December 31, (in thousands of Turkish Liras)		
ASSETS	1977	1976
Cash and Due from Banks	2,893,098	1,690,598
Investment Securities	90,113	37,992
Loans	4,598,457	4,499,018
Equity Participations	421,369	318,433
Premises, Equipment and Other Assets	830,445	460,527
TOTAL ASSETS	8,843,082	7,006,568
LIABILITIES AND EQUITY		
Deposits	6,892,553	5,620,018
Funds Borrowed	691,853	720,516
Other Liabilities	927,395	460,305
Equity	331,351	196,710
TOTAL LIABILITIES AND EQUITY	8,843,082	7,006,568

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Now he has been openly as a martial law commander, attacked in the left-wing press for suppressing a 1970 report calling for the introduction of martial law—an appeal greeted by Mr. Necdet Uğur, a former Minister of Education and Minister of Interior on the sadistic Slav Marxism or to Mr. Ecevit with such remarks Istanbul police chief. But the para-military activities of the Anglo-Saxons," he says through martial law although written, calling for a "third you can make it worse, as we way." He dismisses social have seen in several countries," democracy as "the democracy of the employers" and would introduce castes rather than classes abolishing parliamentary rule and introducing prime-made life and security—using those words rather than the rule.

His emphasis on "Turkish" more "authoritarian" law and order—central to its 1977 election as akin to racism and, in fact, it has put as his support is particularly Minister of Interior the retired Air Marshal İrfan Özaydinli, a strong in provinces where Turks exist side-by-side with those of man with a reputation for other racial origins, such as the pente during his earlier period

Mr. Demirel has recently been

D. T.

TURKEY IV

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SASA plants came on stream in 1968 with a polyester production capacity of 5,000 tons per annum. Within a decade this capacity was increased to 42,000 tons/year and an expansion project up to 70,000 tons/year is undertaken.

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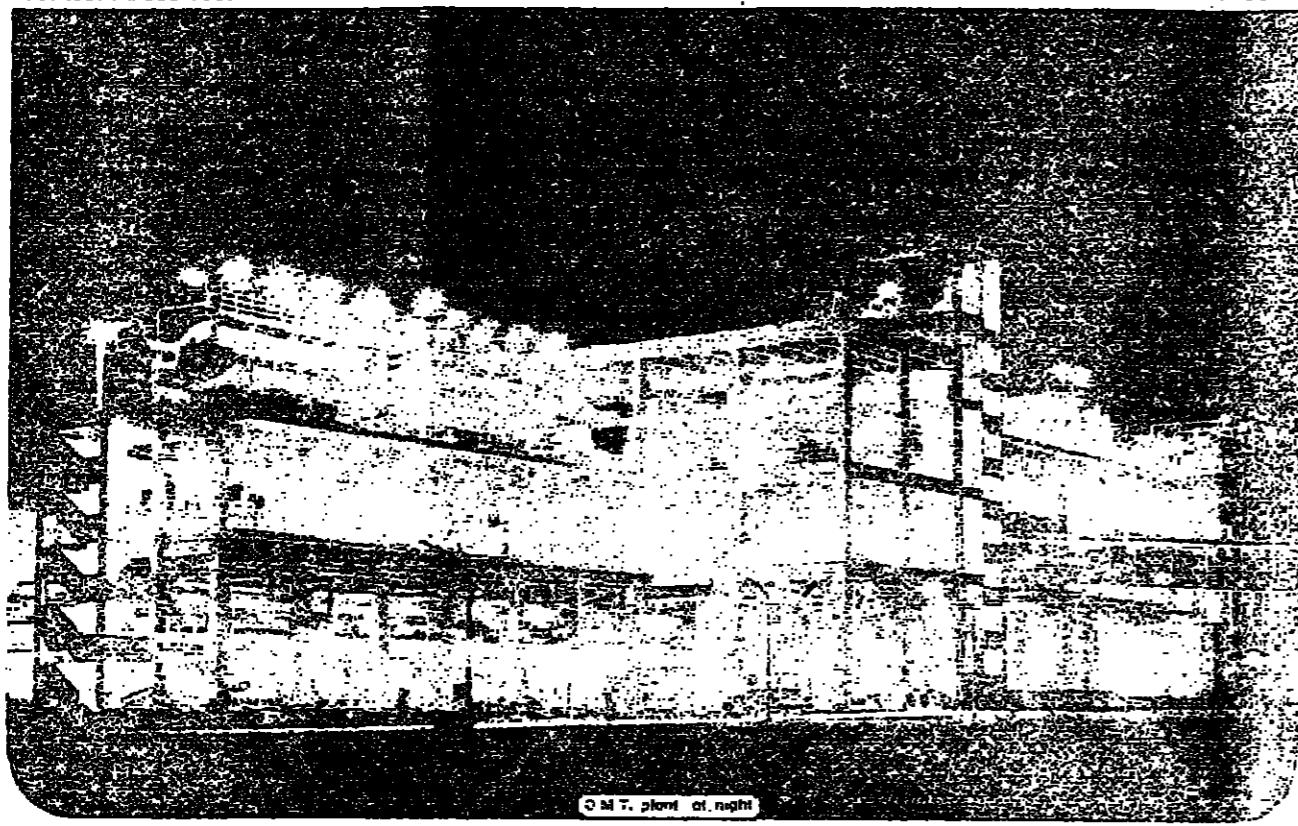
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Debt burden has eased a little

"BORROWING IS a whip which makes a brave man run faster" was a favourite proverb of former Prime Minister Suleyman Demirel. Unfortunately for both Turkey and hundreds of foreign banks and suppliers, the whip with which he chose to beat the Turkish economy into making a new leap forward was of the wrong kind.

The system which Mr. Demirel introduced in 1975 was very simple. He offered foreign depositors an attractive spread over normal rates to put their foreign currency into the so-called "convertible Turkish lira deposit accounts" in Turkish banks. The central bank shouldered the risk for fluctuations in currency parities and the interest burden.

First, the spread at 1.75 was constant irrespective of maturity. There was therefore no inducement for depositors to make long-term deposits. Consequently the overwhelming bulk of the deposits bunched up in maturities of between six to nine months.

Secondly, because there was no foreign exchange risk for the depositor or the borrower, most deposits were made in strong currencies like the D-mark and Swiss franc.

Thirdly, the money thus borrowed went towards bridging the widening foreign trade gap—in other words Turkey used expensive short-term funds for what turned out to be long-term purposes since it could not generate enough money to repay the debts.

At the beginning of last year the central bank found itself unable to service these or other debts in suppliers. The period coincided with the worst economic crisis the country had faced, with political instability and growing violence added.

At the beginning of 1978, when Mr. Ecevit came to power Turkey intensified action regarding its formidable debt situation. "We inherited a series of impressive records in the interest rate between," said Mr. Muezzinoglu, "the say, the Deutsche Mark and the Finance Minister, with wry Turkish lira is about 20 per cent, record debts, record

middlemen were the happiest of all because they became millionaires overnight by getting commission.

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Company	Products
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Marsa Corp.	Vegetable Oil
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LASSA Corp., one of the giant plants and the biggest tire factory in Turkey, with its 150 million dollars investment, can produce 2 million tires of all sizes and 1.4 million inner tubes, annually, covering 70 percent of the total capacity of the remaining three tire plants. Lassa began its experimental operations in October 1977 and is since January 1978 in serial production.

Lassa Corp. operates with T. Yalçın know-how.

CEMENT

AKCIMENTO Corp. and Cimsa Corp. with two biggest plants in the Turkish cement industry, meet an important demand of the country with their 2.35 million ton/year cement production capacity.

In 1977, nearly a quarter of the total cement output of the private sector was supplied by these two plants. In successive years, 1976 and 1977, over 1/3 of the total cement exports from Turkey were realized by Cimsa alone.

ELECTRONICS

Haci Ömer Sabanci A.S. has recently entered into the electronics sector by participating in two Turkish affiliates of Philips, Holland. These affiliates are the Turkish Philips Trading Company and Turkish Philips Industry.

Despite the improved good-will on both sides, that will not be an easy task. Though all EEC governments seem to recognise the political and strategic importance of consolidating Turkey's relations with Western Europe into a durable partnership, there is far from a consensus on how this aim should be translated into a practical reality. Room for manoeuvre is severely limited by internal and external constraints which will make it hard for the EEC to offer Ankara the concrete concessions it is seeking.

Favourite

While Turkey still thinks of itself as the community's favourite child, the fact is that the family of EEC countries has grown bigger and more complicated since the association agreement began. In some respects, the agreement has proved to be more a statement of good intentions than of firm commitments. The progressive integration of Turkey into the EEC has not taken place because the Turks have not been able to shoulder some of the increased obligations implied and because the agreement assumed that the Community would evolve in directions which it has not followed.

The steady deterioration in Turkey's economy, worsened by the effects of the worldwide recession which followed the 1973 oil embargo, has prevented it from fulfilling one of the by Turkey's demands by claiming additional protocol Ankara to advance specific provisions contained in the officially that it was up to the so-called additional protocol Ankara for revising its agreement with the EEC. These have

progressive dismantling of now been presented in outline the rapid measures which are currently seeking from the Community. If Governments of the Nine are hard-pressed to find satisfactory answers to Turkey's economic and commercial demands, they appear to have

demands for assistance in financing a highly ambitious given little sessions, though either to the future development of relations at a more purely political level. Officially, the EEC's aim is to preserve a balance in its relations with Turkey, but no one seems to have a clear idea of what this means in practice or how a Community of ten members would respond, say, to a renewed outbreak of Greek-Turkish hostilities over Cyprus.

With Greece inside the Community and entitled to vote in the Council of Ministers, the maintenance of an impartial attitude by the EEC would call to say the least, for extraordinary restraint by all its members.

Process

Some governments of the Nine have suggested that Turkey should be invited to participate in the process of political co-operation, in which they seek to co-ordinate national foreign policies. Such a move

is it is argued, would demonstrate the community's interest in retaining close links with Ankara while enabling it to act more effectively as a mediator between Ankara and Athens.

But the EEC could perhaps help by encouraging private banks to step up lending and by trying to persuade other members of the Organisation for Economic Co-operation and Development to contribute financially.

The EEC is unlikely to be able to offer Turkey much in response to its demands for better access for its agricultural exports and free entry for textiles products. The former demand will almost certainly be resisted by France and Italy, while the latter will be undoubtedly opposed by the

rejection on legal and institutional grounds, and it has been decided instead that the Turks

will merely be informed of workers already in the EEC, to relax significantly the present constraints on free movement of labour.

Indeed, some German ministers have hinted that they would like a freeze on EEC labour movement policies, even for workers from the three candidate countries until 1990, with no more than a promise to review the situation afterwards. There have been suggestions that some EEC governments might try to make the dropping of Turkish demands for free policies in this area

adequately Ankara will turn its back on Western Europe and the rest of NATO. The seemed paradoxically, is inspired by precisely the opposite fear that is to increase its leverage on the Community, Turkey will exercise the right written into its association agreement to apply for full membership.

In view of the strong residual problems, the Turkish economy anticipates towards Western Europe still evident in Turkey's open attitude by Turkish authorities to foreign investment within the framework of internal administrative is mentioned in Brussels, amid obstacles, could lead to the dire warnings of the implications for the EEC itself, a measure of the alarm with which some officials view the consequences if the EEC fails to provide sufficient market in the Community. But such suggestions are of a long-term nature and fall short of

Guy de Jonquieres

Army needs modern arms

TURKISH GENERALS are expanding the factories. The frustrated. The army is generally matter is to be discussed with running on immediately post-Korean war equipment, the

oldest in NATO and older than those of every surrounding nation, including Greece.

According to one estimate, to re-equip the 450,000-strong army with modern arms would require \$10bn, more than five times the revenue accrued from exports last year. Given the foreign exchange constraint, which will probably last into the early 1980s, it seems very unlikely that this amount or anything remotely near it can be spared barring dramatic developments which would force the country to divert vital investment funds for military use.

It would appear that Turkey will have to continue using systems discarded by other NATO countries, principally the U.S., remaining more or less one generation behind.

Cutting down the size of the army, one of the biggest in the world and second in size in NATO only to the U.S., would not generate adequate funds for re-equipment. The Turkish army is conscript and relatively cheap to maintain.

The country is manufacturing ammunition, light infantry weapons, anti-tank missiles and building landing craft, fast missile-firing patrol boats and submarines. But such state-owned local industries are small and inadequate for the army's vast and sophisticated requirements.

Both of these developments have contributed to the formulation of Mr. Ecevit's new national defence concept.

Stated as it is in the most sensitive region in the world, Turkey cannot allow its national

Not all services' arsenal are of the same vintage. In the navy there is some evidence of modernisation thanks to vessels built in naval dockyards and purchases from Germany. The air force is mainly dominated by obsolescent F104 and F105 aircraft and the newer Phantoms F4E S. The huge ground forces appear to be the worst off.

The biggest slice in the budget is for defence. \$2.9bn Turkish Lira (\$2.1bn) in the 1978 fiscal year budget, accounting for almost one fifth of total Government expenditure. About \$6bn Turkish Lira of the defence budget is earmarked for reorganisation and modernisation of arms equipment and the armed forces under the so-called REMO programme. (This is a long term \$60bn Turkish Lira improvement programme.) About \$4bn Lira is for "maintenance of war capabilities and services"—\$36bn of this for current expenditure and \$8bn for military investments.

The Cyprus war of 1974 led to two profound developments. One of them was the embargo which the Greek-influenced American congress imposed to punish Ankara for the invasion and force it to make concessions. The second was the increase in animosity between Turkey and Greece, which made their dispute over the Aegean sea potentially more explosive.

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Debate rages over joining the Nine

KEY'S MARRIAGE to the States signed agreements with the EEC 15 years ago was not one the EEC which eroded Turkey's economic or even political influence, but a political match of convenience.

admitting underdeveloped Turkey in their club the prosperous nations of Western Europe were in effect paying a heavy price for Turkey's membership of the eastern flank of NATO. Turkey, in part, had mixed feelings towards the Common Market, was neither able to exploit the advantages of its association to the full nor to press to move its position.

Though the political decision for attaining eventual membership remains unchanged, debate on whether or not Turkey should—or indeed can—join is still persisting. It is only because of these half-hearted attitudes in both Ankara and Brussels that over the years the association relationship has declined to its current phase of deadlock.

Agreement

Turkey signed its association agreement with the EEC in '63, about two years after Greece had signed. The short-term aim was to reduce the gap between the Turkish economy and that of the Community and the long-term one accession to the Community.

After a 10-year preparatory period, Turkey would adopt a timetable which would gradually eliminate its existing tariffs on industrial imports from the Community. For industrial goods in which Turkey was deemed to be more competitive the tariff reductions would be eliminated over 12 years and others over 22 years. Thus by 1985 Turkey would become a full member of the Community—the first Moslem country to do so.

It now appears almost certain that this timetable will have to be shelved. Last month Mr. Ecevit sent a delegation to Brussels requesting a five-year freeze on Turkey's obligations to the Nine. In other words, while the association agreement and its annexes would remain in effect, Ankara would stop lowering its tariff barriers.

Thus while Greece, Spain and Portugal were hurrying to get in, Turkey was delaying its accession by five years to the year 2000. Ankara's clandestine relations with the Community had in effect been frozen since 1970 and been getting progressively chillier before that.

The Turks themselves are greatly to blame for this. Ankara committed the mistake of assuming that the association agreement would suffice to iron out automatically all problems as they cropped up. Of course, nothing of the sort happened. While Turkish bureaucrats and governments slumbered, many frozen up everything so he

is freezing relations with the EEC as well," charged Mr. Demirel. He claimed that the freeze would be the first step out of the EEC.

Other opponents to the freeze claim that Mr. Ecevit has taken the easy way out under the influence of anti-market bureaucrats. They maintain that the move will do irreparable harm politically by leaving Turkey behind the political unity movement which Greece is joining.

They also claim that with EEC competition now more remote Turkish industrialists will continue to persist in uncompetitive industries and make fat profits.

Problems

Mr. Ecevit says that Turkey has problems not only with the EEC but has to fight the gravest economic crisis in its history. The five-year grace period would enable Turkey to put its house in order and provide a breathing space for Ankara and Brussels to sort out their problems. There was no question of extending the five years.

Ankara intends to open negotiations with the EEC three years hence, in the light of the new conditions which would come about with the Community's expansion.

While asking for the freeze the Turks also placed a momentous financial request before the Nine. In Brussels Turkish officials told the EEC that Ankara was counting on raising

from the Community about \$8bn of the \$15.4bn external financing required by the fourth five-year development plan (1973-83).

They requested \$4.4bn under a new financial protocol. \$1bn in emergency aid, \$1.5bn through the OECD and \$960m in foreign private capital investments. The EEC's reaction was that this was an "unusual" request.

It appears likely that by the end of the year Turkey will have an official reply from the Community and act accordingly.

While the Community is expected to agree to the freeze it would be unrealistic to expect that the financial request will be granted to the extent demanded by Ankara.

Generally speaking, while the freeze may numb the pain in the Turkish-EEC relations it will raise many crucial questions.

If the Turkish-EEC relations are to be shelved for five years will they ever be reactivated?

What will happen to Turkey's request to be included in the EEC's policy formulations?

Will Greece not make life unbearable for Turkey after it gains full membership?

Perhaps economically most important, after Greece, Spain and Portugal become full members, flooding the EEC with their agricultural products, will those of Turkey have any chance at all?

Last but not least, is Turkey missing the European bus?

M.M.

Army

CONTINUED FROM PREVIOUS PAGE

defence to be dependent on the decisions or indecisions of other countries, states Mr. Ecevit. Explaining why there is a need for a new defence concept he continues:

"Though it has for many years contributed, far beyond its economic means to the common defence system to which it belongs, Turkey has recently been put into a position where it had difficulty even in purchasing with cash from its allies the defence material and equipment or the spare parts for the equipment and material it possessed."

"This painful experience has clearly shown the risks involved in making our national security dependent beyond a certain point, on external sources, particularly on one source."

Concept

"To avoid making the same mistake Turkey was obliged to formulate and carry out a new national security concept. This should be a concept which should take into consideration not only the importance of our membership in Nato but also give priority to safeguarding Turkey's national security," says Mr. Ecevit.

He suggests a fundamental change in the army: "Instead of a defence system which relies heavily on large manpower," he says. "A national defence force shall be formed which meets the demands of modern defence technology, which has superior fire power, strike potential, mobility and effective communications."

Another dimension which he emphasises is relations with the countries surrounding Turkey: "Friendship with all regional countries is essential for national security," states Mr. Ecevit. "Measures of national security or contributions to mutual security systems should not be such as to instigate suspicion and distrust in the other countries of the region."

While the sections of the concept pertaining to foreign policy are being carried out the modernisation of the army will have to wait more affluent days.

In any case Mr. Ecevit's new concepts about defence are still not concrete or detailed and are more philosophical than practical.

Regardless of what Mr. Ecevit may be contemplating, Turkey appears to be obliged to continue relying on the West in general and the U.S. in particular for its supply of arms. Soviet Chief of Staff Marshal Ogarkov who visited Turkey earlier this year hinted that the Soviets could sell arms to Turkey but this does not seem to be feasible.

It is for this reason that the Turkish-American talks on the formulation of a new Defence Co-operation Agreement (DCA) will be crucial. The talks are to start this month in Istanbul, the capital.

Turkey had responded to the

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THERE IS a whole new class of biggest employer of Turkish ideally placed to benefit from able to achieve their ambitions government in financial difficulties such a programme. So Turks because of the blocking of the ties to consider giving him more privileges such as cheap credit. A major firm entrepreneur to be found in labour, had 615,000 workers. By the end of last year, the number was down by professional qualifications were stopped. In 1975 everything remained with the reinforcement of the ties to consider giving him more privileges such as cheap credit.

in the south-west of the country, year, the number was down by professional qualifications were stopped.

in Kayseri in its centre, and in about 100,000. But part of that chosen for courses which, first, in Istanbul, a range of new small drop is accounted for by women brought them up to foremen's level and, second, gave them some management skills.

ranging from fruit juices to result of the more straightened some management skills.

cement, is growing up, owned economic atmosphere, and the

number of Turks in West Germany overall was little

from several years of working in Germany and may not be able to work as a level and, second, gave them some management skills.

estimated that some 75,000 people may have returned to Turkey in recent years.

Initiative

Their problems in re-integrating socially and economically have formed a cornerstone of the country's economy. But their actual return when their spell of working abroad is over has always created something of a problem. For the ambition of many a Turkish worker has been to go abroad to earn—and by the two governments as save—as much money as possible in order to be able to set up in business on his own account back in his native country. Yet while his stay developing countries, placing abroad may have given him new skills—in car repair, for example, if he has worked in a technical and managerial skills motor factory—it will not necessarily have given him the management skills to make a country's success of working for himself.

The numbers who return are Turkish Gastarbeiter. West Germany, by far the significant number of people not accurately known; in 1974 many already had within its 80 to 70 individuals received a privileged person, West Germany, by far the significant number of people technical training, with few making it far from easy for a

At the same time a joint special credit fund was established by West Germany and Turkey to provide cheap loans to those seeking to establish their own businesses. A joint consultancy service was planned under which the Turkish workers' business ideas could be scrutinised in West Germany to assess both their innate practicality and their compliance with the demands of the relevant five-year plan. The idea was that the service would give recommendations to the bank holding the special fund about the supply of credit and that, for three years after each worker's return to Turkey, it would keep an eye on his business, acting in effect as a management consultancy.

But the plan founded as a result of disagreements over practical details and in particular on relations between the state-owned bank involved and the consultancy. The special credit fund continued to grow, to individuals remain, especially

to the new companies. So successful has it proved, indeed, that a new round of talks between Turkey and West Germany started last month on the next steps. One suggestion is that two funds are established, one for individuals and a larger one for companies.

The difficulties relating to aid to individuals remain, especially

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The difficulties relating to aid to individuals remain, especially

The plight of emigrant workers

FOR YEARS after the West shawls and baggy trousers of foreign workers imposed a further recruitment of men and women in the wake of the crisis, the policy of recruitment of workers in the employment of foreign workers from non-EEC countries was confirmed by Herr Reinhard Strehlke, State Secretary in the Federal Labour Ministry, it does not seem alien and suspect to the average German. This, and their inability to speak the language, was reconfirmed in Bonn, according to Herr Reinhard Strehlke, State Secretary in the isolation.

Thus, most of the Turks live only accept the reality of ghettos of big cities under a million people being appalling conditions. Complete work in Germany, but districts, such as Kreuzberg and

It serves the interests of the workers in Berlin, have become

known as "guest workers" in the "little Turkeys." And only a few elderly Germans have stayed. So the houses are

the Government's aim, "to cope with the problem of foreign workers and Ten people in a small room is

the only way of keeping the number of unemployed foreigners as

possible."

the objective

Integration of foreign workers into the German society has

been the Government's declared

directive since boom times

in 1973 more than 2,500

workers from the under-

developed regions of Europe

had come to the "economic

miracle country."

Then their total dropped to 1.8m in the years after the entry had been barred, for the foreigners. The Germans nevertheless the number of Turks (by far the largest group of foreign workers) remained relatively unchanged at just over 500,000.

The Turks know that, as non-EU citizens, having left the country, they would not be allowed to return. As a consequence of their now prolonged stay, their wives and families they transferred more than DM 2m to Turkey (a little less than in 1973) their savings in Turkish banks, the so-called "Turkish treasure," are estimated at more than DM 4bn.

However, with the arrival of many subscribed to the idea of wives and children in great traditional Turkish-German numbers, problems multiplied, remembering the birth rate extremely high of their grandfathers who in the case of the Turks rose ad fought side by side with the German authorities—Germans in World War I. Little did they know that Turkish dependents on the least likeable of the inhumane—started to demand the least likeable living and Labour Ministries are

believe, a public opinion poll space" as a condition for a residence permit, apart from a few years ago, the fees and bushy job contract of at least one

moustache of the men, the member of the family.

Although the Germans are still confused by the discrepancy between their rather garb removal would come to a standstill, if the Turks left), and the bewildering tendency of the employment of foreign workers to speak the language, this, and their a real threat of expulsion. At society. Only about 15 per cent

4.5 per cent of the Turkish children go to labour force in August, it was

kindergarten, and in Baden-Wuerttemberg, for instance, one

slightly higher than that of the German working population as a whole.

When a Turkish worker becomes redundant, he is to some extent at the mercy of the authorities which have discretion in renewing his permit. He can stay and exhaust his unemployment benefit for up to two years, but then is likely to lose his permit, and if a job coveted by a German becomes vacant, it tends to go to the German.

Only after living and working in Germany for five uninterrupted years, can a Turkish worker feel relatively safe. He can then apply for a special work permit, which enables him to find a job without going through the official employment service.

After eight years, if his German is fluent, and if he has a flat and sends his children to school, he can acquire a kind of "second-class citizenship" in the form of permanent residence and work permit.

An additional nuisance—in the eyes of German teachers—is the Koran school which has been established in all larger German cities. In Duisburg on the Ruhr, for instance, between 50 and 80 per cent of the Turkish pupils put in an extra three hours at these schools, where

headmasters teach hatred against anything going against the Koran, using the rod, if necessary, to hammer the message home.

When Koran school is over, the children are often too exhausted to do any homework for the German school.

The tragedy is that what started at school continues afterwards: the rate of unemployment among young foreigners is four times as high as that of German youth. In his speech urging help for the foreign children, president

Schoel said: "There are already 110,000 young foreigners here

Each year there are more. The

risen—that in a few years there will be a million foreigners here, the employers have

without job training, without

work, without language profi-

ciency, outsiders in a society

which has never given them a

chance, full of hatred against

this society—this, unfortunately,

has a very real meaning."

Although the Government has

yet to develop a realistic, future-

orientated concept to improve

the educational chances of

these worker children—the

only thing that could really lead

to a change—it should be noted

that more than 150 German

organisations are trying to stop

a whole generation falling into

a social abyss, among them the

political parties, the churches,

the trade unions and many wel-

fare organisations.

Last month, Herbert Ehren-

berg, the Federal Labour

Minister, promised some financial assistance to the Turks in Germany. DM 10m will be spent to ensure the language training of Turkish children, and DM 1.5m were granted to set up information offices to advise their parents on the intricacies of German life.

The question is—will this be enough?

Elgin Schroeder

Unemployment

CONTINUED FROM PREVIOUS PAGE

The Turkish population in West Germany is now more than 1.2m and the Turks are by far the largest group of foreign workers in the Federal Republic. The Turkish trainees (above) are working with a Berlin clothing company

that real wages will not fall reserved—in part because they

Communist Party of Turkey. movement is a fascist government.

Moreover since its members are

mainly in private industry it is

more important than Turk is

for the employers.

Ironically, it was only with the help of supporters of Mr. Ecevit that Mr. Turkler was displaced.

At the time it seemed

possible that the displacement

of Mr. Turkler who had pro-

claimed the campaign for Mr.

Ecevit. Today its relations with

the Government are uneven. It

came into open conflict over the

two-hour strike it called on

March 20 and its rejection of

attempts to involve it in the

Social Understanding led to a

further cooling of relations.

Yet its leaders support Mr.

Ecevit. Its President, Abdullah

Basturk, does so "with conditions," insisting on steps, for

instance, to reduce the working

week to five days and to

disperse the fascist dens and

ensure security of life and

education." But his main

opponent, his predecessor

Kemal Turkler, supports the

urgings Turkey's withdrawal

from NATO and the abolition

of the laws used to ban the native in the present Govern-

D. T.

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Jelil, in its

Agricultural potential remains high

AGRICULTURE IS Turkey's rural product. Turkey has except the single industry... it tobacco, tea and opium pods. It accounts for 60 per cent of the country's exports and some 25 per cent of its gross domestic product.

Significantly, the major part of the boost to exports which Turkey has seen in the past few years — following the upturn in imports and the drive to obtain more foreign exchange has come largely from agriculture. And it is agricultural products which have secured predominance in the series of bilateral deals the country has been concluding in its bid both to conserve hard currency and assure its basic import requirements.

Thus Turkey claims to have taken care of its crude oil needs through to the end of next year. At the same time, successive Government policies toward agriculture were geared more to political needs than economic ones: support prices for sugar, tobacco, as well as oil seeds, olives, hazelnuts and tea.

Diminishing

Yet agriculture's place in the Turkish economy has been diminishing: the rapid pace of industrialisation has reduced its share in the GDP from 38 per cent in 1963 to two-thirds that today, and the great balance of state investment has been in industry, not agriculture.

At the same time, successive Government policies toward agriculture were geared more to political needs than economic ones: support prices for sugar, tobacco, as well as oil seeds, olives, hazelnuts and tea.

Arrangements

Such arrangements — not after deals, the Turks insist — more than half an eye to the IMF's strictures on such contracts, but ordinary commercial transactions passing through the normal banking system — have not been limited to

country to country arrangements. In the private sector, the problems of the TOFAŞ company's \$30m car components

debt to its majority shareholder, Fiat, as a result of which Fiat cut shipments by a third, were alleviated after 600,000 or so people to the tough bargaining between Fiat and its major Turkish partner, the Koc Group through a deal under which Fiat took \$100m

worth of wheat, with half the proceeds going to the Turkish Government to replenish its

foreign exchange coffers.

In total, claims Prime Minister Bülent Ecevit, trade agreements made in the first

months of the year have assured sales for every agricultural

indeed and took place within a

consumer goods hungry market.

Nonetheless, the end result is

that Turkey's agricultural poten-

tial is still nowhere near being

affairs.

Overall, bureaucracy blamed

for so many problems in other

spheres of Turkey's financial

vagaries of politics and to

attempt to direct investments

radical unions may dismiss them

realised. On the one hand, the marketing of its products is often not up to world standards: it lags behind, for example, in regional organisation, and especially in packaging and grading. On the farmers have little confidence in the state agencies.

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as 'capitalist' but they have raised the level of debate about the economy. An attempt to ensure consistency between the different plans of the government has occurred, and the second and especially the subsequent plans seek to prepare for Turkey's tightening its relationship with the EEC — though at the expense of being dominated by the concept of 'industrialisation at any cost' as to enable competition within the Community.

While the private sector has treated the plans as mere documents the state sector, theoretically bound by the plans, has rarely been sufficiently well run to ensure that that theory becomes practice.

But the third problem has been the plans themselves. In an atmosphere where the Justice Party has not put its heart behind the plans, rigorous analysis to ensure the preparation of the necessary measures

to make a reality of the plans

have not been included in them.

Land reform remains un-

realised. The industrialisation

of the country has been based

on simple theories of import

substitution rather than more

aggressive policies. Major in-

vestment projects have lagged

years behind schedule. Only

now are some first steps to go

beyond this being taken.

But none the less the plans

have changed matters. The

1981 Constitution set out to

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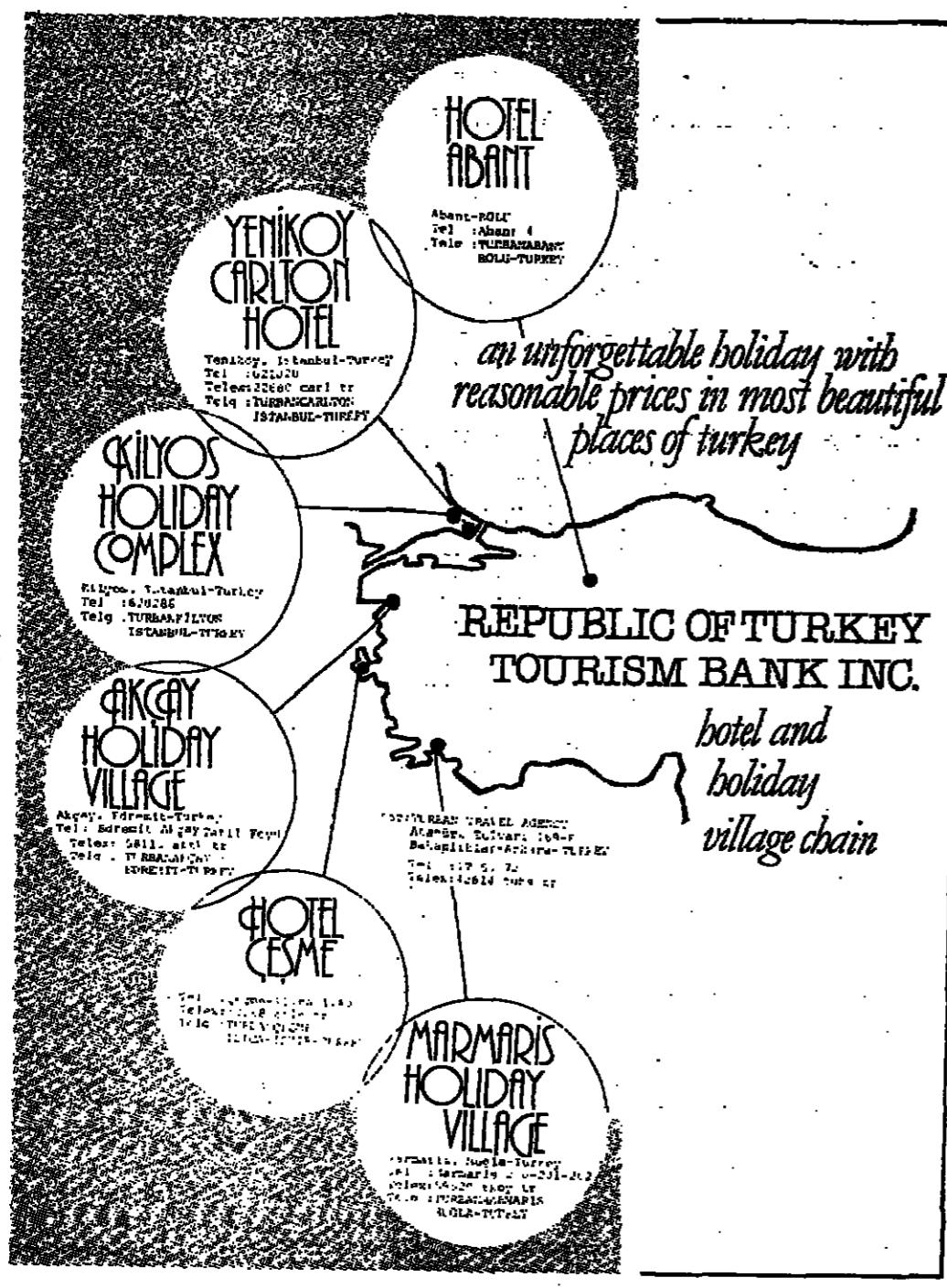
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TURKEY XII

Energy gap a severe barrier to progress

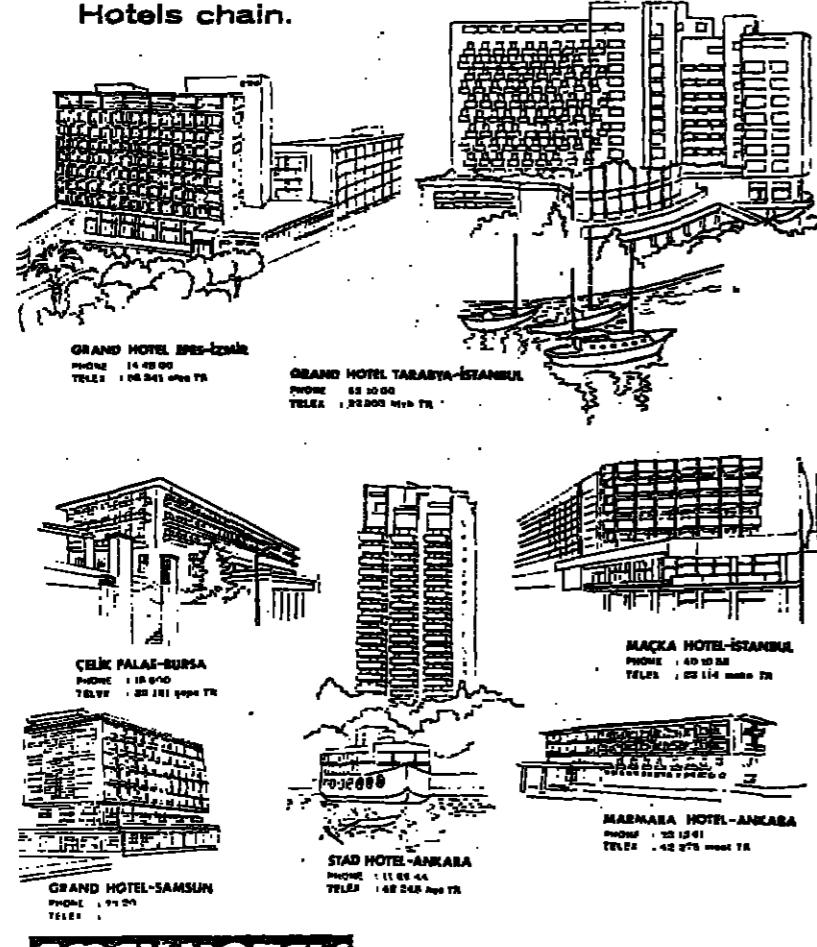


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OFFICIALS CALL them pro sources. In 1960 wood accounted for just over one-third of energy demand. The fact is that for just over one-third of energy the blackouts which regularly resources, followed by oil, coal affect life, whether domestic or and dung with roughly one-fifth industrial, are symptoms of yet each. By 1977, oil produced 44.7 another of Turkey's ills: a per cent of power, followed by the wood (13 per cent), coal (12.7 demand and supply of energy, per cent), lignite (10.9 per cent).

In many ways, the energy gap is one of Turkey's most fundamental problems, affecting its resources on a 50:50 basis. Like many other developing and lignite resources. However countries, Turkey, a minor oil producer, was badly hit by the rise in oil prices after the 1973 Arab-Israeli war. As a result, the proportion of oil imports as part of total has risen

damagingly. In 1972 they cost a mere \$124m and constituted 7.9 per cent of imports. Last year they cost \$1.15bn and accounted for 19.9 per cent of imports. This year they will cost \$1.2bn (reflecting a slow down in industrial activity, partially the result of the lack of foreign exchange to buy crude oil). This represents a modest increase compared with previous years, but nevertheless oil imports will represent almost one quarter of all Turkey's purchases from abroad.

Domestic

Turkey suffers also from the fact that its main areas of producing energy, particularly oil, are in the east, far away from the main population and industrial centres in the west.

At the same time, domestic crude oil production has — under the burdens of rapid industrialisation and urbanisation — become less and less unable to match consumption.

In 1970 Turkish oil was providing half of the country's needs. Last year it was down to 19 per cent. But here, too, the government finds itself caught between economic and political constraints. Oil prices have been raised twice, last September and this. Thus premium petrol now costs 11.70 Turkish lira (about 24p) per litre, and regular 8.50 TL (about 18p), still rated by many to be too low a price to curb wasteful consumption. The cost of diesel fuel was simultaneously cut by one quarter to lessen the impact on industry and transport. Nevertheless, Mr. Suleiman Demirel, the Opposition leader, made the inevitable and relevant point in accusing the government of being "the architect of inflation."

In the long term Turkey is relying on lignite (brown coal) found in Turkey. (At least in and water resources to counter viable terms, the most likely the gradual reduction in its areas are probably offshore in reliance on oil). A new the controversial Aegean Sea, mining law has been passed, ostensibly to open the way for oil survey vessel Sismik I in 1976 which almost brought war some of the open-cast lignite with Greece, exploration has mines of the private sector and to link them more conveniently with that government-dominated energy sector. There are also major plans afoot for harnessing hydro-electric power. But the main projects are generally some two years behind because of the lack of foreign exchange. Beyond these plans there are distant aspirations about nuclear and solar power.

Shortages

In the short term, however, Turkey is faced with acute and mounting energy shortages. Programmed cuts of electricity have been reduced this year, according to the State Planning Office (SPO), from four or five hours a day across the country to two. But in 1977 the shortfall in electrical power was 637 Gwh (1m kWh) and this is likely to rise, according to the SPO to 900 Gwh this year.

The five-year plan—1978-83—is not that encouraging, for rather than concentrating on exploitation of Turkey's considerable existing natural resources, the emphasis is still more on quantifying these assets.

As in other sectors of the economy, Turkey is acutely hampered by lack of foreign exchange. Consequently, it has to break a difficult chain of linked problems. Dependence on oil will only be reduced when investment in other energy sources is increased. But in the first eight months of this year investment in the energy sector (this covers coal, transmission lines, power plants, electrification systems and nuclear power as well as oil) totalled 13.1bn TL. This amounted to 33.1 per cent of total allocations to energy for the whole year, which is itself below the average of 38 per cent of investment in all sectors allocated. The conclusion must be that official hopes that Turkey will be approaching self-sufficiency in energy — let alone have a comfortable reserve — by the mid-1980s are probably not attainable if present trends continue.

So far, the country has not been overly successful in altering the pattern of its energy

shortly is likely to recommend the building of a second reactor with Iraq over the oil pipeline Kirkuk in northern Iraq and Doryol. Pumping was halted at the beginning of 1978 because of a debt of \$234m owed by Turkey and differences over the pipelines throughout royalties. The pipeline, two thirds of whose 980-km length passes through Turkey, has a throughput of 35m tonnes/year and is now functioning at about 15m tonnes/year. This suffered a further setback last month when an explosion, possibly caused by sabotage, halted pumping for about a week, causing the loss of 5,000 tonnes of oil and cost about TL 15m to regain.

The weakness of the

petroleum sector has deep 3.4 per cent in the first eight months of this year (on an annual basis) to 5.5m tonnes. The term aim is that dependence on lignite remains at the heart of the energy sector, but should ultimately be shared by current Government planning.

hydroelectric power and lignite whose target is that by the end

(which though less power-generating than coal is less wasteful and more plentiful), development projects do not slip.

But the production of electricity further behind schedule has recently fallen behind. Beyond that, the planners are

demand (of which industry hoping to use other energy sources such as solar, nuclear and geothermal. A tender has

been issued for 20,475 Gwh, a 600-MW nuclear power plant

in output of 20,100 Gwh. The revised figures put demand at

45,000 Gwh by 1983.

Thus the aim now is to meet this higher requirement with something in reserve. It is a target that may well prove impossible to reach. The irony is that, as elsewhere in the economy, Turkey has

natural resources to achieve provided it can find the right policies.

Anthony McDermott



TURKEY

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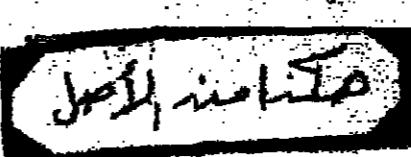
For contrast visit Turkey's beautiful Aegean or Mediterranean coasts — blue seas, sandy beaches and modern hotels set against a background of historic marvels. Contact your ABTA travel agent or complete this coupon for illustrated brochures and details of tour operators offering holidays in Turkey.

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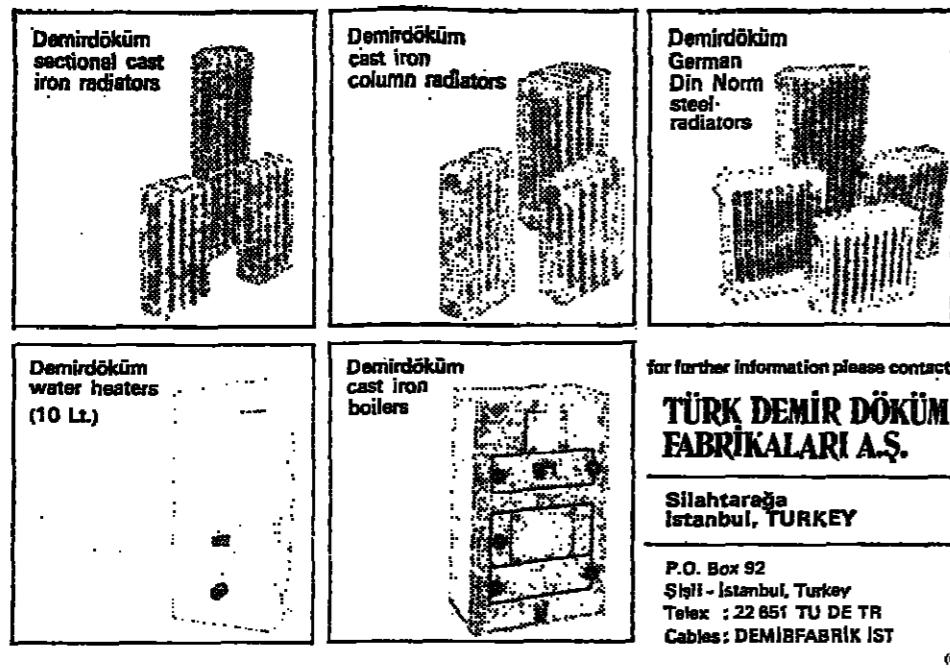


TURKEY XIV

Overcoming hostility to overseas enterprises

HIGH QUALITY
IN HEATING SYSTEMS...

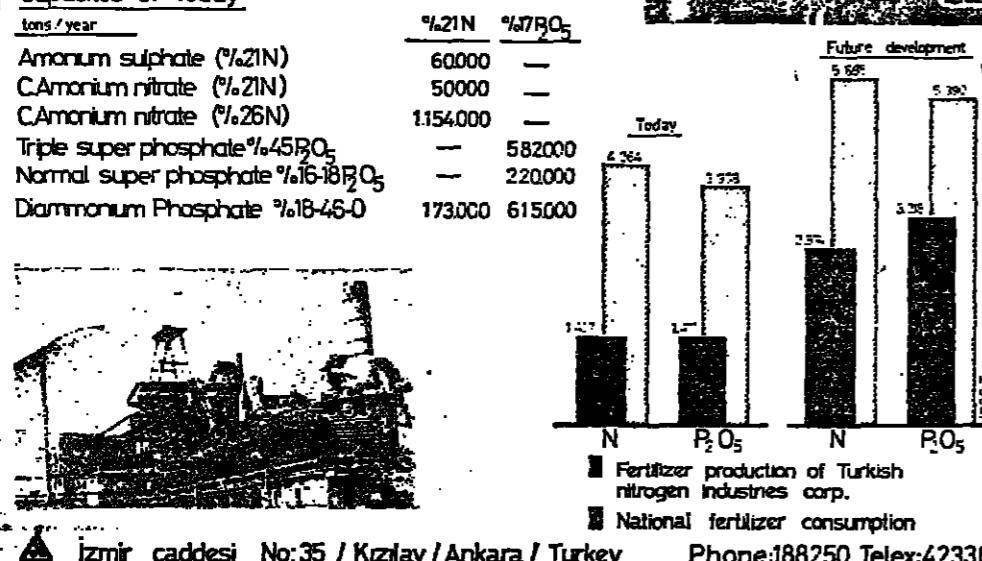
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Sümerbank is one of Turkey's largest Economic State Enterprises, founded in 1933 with four factories. Sümerbank has 80 factories and participated in some plants, 32 banking branches and 400 retail stores. Today its capital is TL 2,250,000,000. Sümerbank employs a total of 50,000 people and executives, technical personnel and workers.

Cotton Textile Industry—have 20 factories 18 of which are for manufacturing cotton fabrics or weaving and finishing departments, one of which is for manufacturing hemp and jute yarns, and one for spinning. The total capacity of spinning is 70,000 tons per annum. The total capacity of weaving is 250 million metres per annum.

Woolen Textile Industry—have 6 factories 4 of which are for manufacturing woolens and 2 for spinning and blankets, one of which is for manufacturing Wilton carpets, and one for manufacturing hand-woven Turkish carpets. The total capacities of spinning of woolen and worsted and semi-worsted yarns are 3716, 3438 and 423 tons per annum respectively. The total capacity of weaving fabrics is about 10 million metres per annum.

Ready-Made Textiles Industry—have 6 factories added to some cotton and woolen and worsted mills. Woolen and worsted men's trousers, suits, over-coats, rain-coats; men's and ladies' bline-jeans; pyjamas; shirts; ladies home and work dresses and skirts and made up goods (table-cloths, sheets, handkerchiefs etc.) are being manufactured.

Chemical And Ceramic Industries—have 13 factories related to ceramics, refractory materials, dye-stuffs, vegetable oil, hard-boiled eggs, sheet insulation, board, shoes, and viscose staple fibre. Ceramic products are manufactured in Sümerbank factories through 400 retail stores scattered throughout the country. Yearly turnover is more than TL 12,000,000,000. Sümerbank's exports to various countries have reached US\$ 22,000,000 yearly and new installations are being made in order to increase the export capacity of the firm.

Banking Activities—32 branches operate in Sümerbank's banking activities.

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A REVOLUTIONARY change in Turkey's attitude to foreign investment in the country is being attempted by the Government. At its centre is a new code, now in draft form and likely to be formally published at the beginning of next year, aimed at overcoming a traditional hostility to the entry of foreign enterprises.

The lack of foreign investment activity in Turkey is staggering. In all some 110 foreign companies are established there, virtually all of them in minority partnership with local enterprises. The book value of foreign investment is a mere \$250m to \$300m or so. And the experience of companies which have managed to force their way in has not necessarily been a happy one.

All this is despite the fact that Turkey has one of the most liberal foreign investment laws in the world covering manufacturing and service industry (oil and gas activities are covered by a separate law).

The shortcomings lie in its application by a bureaucracy that comes under almost universal criticism ("You could develop this country but it's against the law," is one frequent comment), so that the law's provisions are turned into a nightmare of restrictions and uncertainties.

Permission to go ahead with a proposed project can take years to come through; plans by an Italian-Swiss-French consortium for a 5,200-bed tourist complex have just been given approval after a five-year wait, for example.

The remittance of profits may be tied to export earnings or to a fixed percentage of the imported capital. Replacement capital equipment imports may be allowed only so long as the foreign exchange outlays are no greater than the annual depreciation of the plant. Machinery for expansion needs specific Government approval plus a generally hard-to-obtain import licence.

Turkish majority ownership is almost invariably insisted on.

With the further provision that any increase in capital has to come from the Turkish side, thus diluting the foreign holding still more. Royalty payments from the Turkish associate to the foreign partner providing technological know-how are often limited. The rules may be changed once the project has been set up.

Behind these difficulties lie a general tradition of hostility to outside business involvement dating back to the last days of the Ottoman Empire when the Government sold many key concessions to foreign interests, to the general detriment of the Turkish economy. The country's experiences then played a part in forming the Ataturk ideal of a virtually self-contained strong Turkey, providing for as many of its own needs as possible, and it is this persisting vision which has kept the country wary of foreign involvement.

None the less, attracted by a large home market, a strategic position at the edge of the Middle East and relatively low labour costs (which, however, are rapidly rising as inflation continues at an annual rate of some 70 per cent), foreign companies have made direct investment forays into Turkey. Indeed, one irony is that by far the larger part of Turkish manufacturing industry is dependent on foreign technological expertise, if not through joint ventures then through licensing deals.

The biggest percentage of foreign capital has come from the U.S., with maybe a third of the total, with the UK at around 3 per cent. Tourism, the motor industry, pharmaceuticals, tyres and rubber, agricultural machinery, electronics and electronic machinery are among the most favoured areas, with the Government giving preference to high technology projects and projects which are export-oriented.

Thus Fiat and Renault both have sizeable stakes in the Turkish car industry; EL has a 26 per cent holding in BMC Industry and Trading, a leading truck and tractor manufacturer, just sold 25 per cent stakes in two of its operations. Turkish NKF of the Netherlands has 36

per cent of Kaval Kablo, manufacturers of telephone and high voltage cables; Philips, also of

Indonesia, established in 1956 and Turkish Philips Turkey, one of the key priorities in speedily decision-making, within one week of formal application for permission for a new project, being made to the Ministry of Trade and Commerce. Sabanci banking and industrial conglomerate, was approached by Philips after it had come to the State Planning Organisation which will decide its verdict within a month. The years of delay will become a matter of the past.

Other companies have almost made it into Turkey but have failed at the last minute. Texas Instruments even got as far as turning the first sod for a factory which, in the event, was built in Portugal, while Shell had a scheme in partnership with a local bank for a tourist complex which was to have been run by Trust Houses Forte but which was eventually vetoed.

And already well-established companies have run into difficulties when trying to increase investment. Thus Fiat, which has a 41.5 per cent stake in Turk Otomobil Fabrikasi (Tofas) in partnership with two State organisations, with 22 per cent each, and the Koc group, Turkey's largest private industrial concern, was given the go-ahead in 1976 to pump in extra capital to expand production and to change the model produced from the Fiat 124 to the Fiat 131. Capacity was increased to 20,000 cars a year at a cost of TL 895m (\$28m). Fiat was allowed to put up 41.5 per cent of this, avoiding any dilution of its holding in the company.

Now, faced with an economic crisis of horrendous proportions, the Government is going all out to attract foreign investment. Its aim, according to Mr. Nazif Cuhruk, Assistant General Secretary for Foreign Affairs for the first time in the republic's life, is to encourage rather than merely to limit foreign capital inflow of

How effective the code is likely to be in attracting foreign investors is not easy to assess. Mr. Bülent Ecevit, the Finance Minister, has publicly invited foreign companies to come and to assess Turkey's value as a base in relation to the region which surrounds it, while Mr. Ziya Muezzinoglu, the Finance Minister, says simply: "Foreign companies are welcome."

There can be little doubt that in the longer run, if the new code does succeed in improving the climate for foreign investment, Turkey's potential is as overseas companies are concerned could be considerable. The Government is realising enough not to expect any sudden inflow of funds; rather

The key weapon in this is the hope for a slow build-up. The Government's armoury will be albeit to historically very high the new code, a draft version of levels, as it convinces banks to EEC officials in Brussels and which is also to be in evidence

H.W.

Foreign investment code

HERE ARE the main points of the draft code for foreign investment, based on an official translation:

1. GENERAL POLICIES

1) Foreign capital establishments (FCEs) are required to accede to the economic and social targets stated in Turkish development plans.

2) FCEs are to conform with competition rules and policies and avoid abusing their dominant market position.

3) FCEs cannot pursue an unreasonable price policy with adverse effects on competition.

4) FCEs must adhere to the Government's balance of payments and credit policies. Controls may be necessary on transfer prices.

5) At the request of the Turkish tax authorities FCEs must provide information on offshore activities pertaining to those in Turkey.

6) FCEs must aim at a rapid spread of technology within as wide a framework as possible. They must establish research and development units within their organisations and train local personnel at home and abroad.

7) In technology purchases FCEs must keep prices and conditions within reasonable limits. Payments for all non-tangibles are calculated on the basis of the Turkish partners' shares over net industrial cost. Payments are limited to fixed periods.

8) The parent company cannot impose restrictions on the FCE's trade practices, specialisation and fields of production.

9) Within the legitimate secrecy of business life, FCEs must provide general information required by the authorities, and in particular information on:

i) the structure of the company, the name and location of the foreign partner's parent company, the affiliates in which the parent has shares and the ratio of these shares to the total;

ii) fields of activity, sectors and locations of the parent and its more important affiliates;

iii) sales of principal products and where they are sold;

iv) local distribution of investments in principal sectors;

v) table showing the FCE's

fund resources and their disbursement;

vi) the average number of workers employed by the FCE and total wages according to localities;

vii) research and development expenditure;

viii) price policy between affiliates of the parent.

II. GENERAL RULES FOR FOREIGN CAPITAL INVESTMENT

1 — Principles relating to foreign capital ownership: joint ventures are preferred, but for a certain period foreign capital can have 100 per cent of the equity in:

i) projects which are completely export-oriented, would not compete with local companies in exports and would make important technological contributions;

ii) tourism projects.

Otherwise no more than 50 per cent of the equity is to be foreign-owned.

2 — Project selection criteria:

(a) Projects to be permitted:

i) complex projects requiring large amounts of capital and advanced technology and management which cannot be mastered by local entrepreneurs in fields such as machinery, metal goods, metallurgy, electrical engineering and electronic capital goods;

ii) cost analysis of the production phase and detailed information regarding items of imported inputs;

iii) how investment financing will be met.

3 — The application will be sent to the State Planning Organisation (SPO) a week

4 — The SPO will evaluate the project within a month.

Within three days afterwards

D.W.

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TURKEY XV

The role of land reform in rural development

AND REFORM has been one of the staples of political debate in Turkey for many years. Yet it is a subject where words have very much predominated over action. Turkey's land ownership distribution is one of the world's most uneven. Some 2m holdings, 1 per cent of the total, are estimated to be of less than 5 hectares. There are 100,000 holdings, less than 5 per cent of the total, of 20 hectares or more, while there are around 300,000 holdings in excess of 0.000 hectares.

The figures speak for themselves. Throw into the equation the existence, especially in eastern Turkey, of extremely small one-family holdings some embracing whole villages. Only one major attempt to do so has been significant degree of absentee ownership alongside share through the Land Reform Act (opening and more conventional) which came into force in 1973. The Act put a ceiling on the size of holdings and provided for the expropriation of land and its redistribution, the establishment of land reform co-operatives, the regulation of tenancy and sharecropping agreements, and the establishment of a Land Reform Organ-

isation. The reform was to be carried out in stages and those with too little land. At the same time, sharecropping arrangements and absentee landlordism—about 20 per cent of farmers are sharecroppers or tenants—provide no incentive for improvements in farming efficiency.

Meanwhile the fragmentation of holdings continues as a result of Islamic inheritance law, while disputes over land ownership are numerous because of the lack of use of the land registry.

Problems

All these problems which make land reform appear so desirable also make it a difficult objective to achieve. Only one major attempt to do so has been mounted in recent years, alongside share through the Land Reform Act (opening and more conventional) which came into force in 1973. The Act put a ceiling on the size of holdings and provided for the expropriation of land and its redistribution, the establishment of land reform co-operatives, the regulation of tenancy and sharecropping agreements, and the establishment of a Land Reform Organ-

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Meanwhile the fragmentation of holdings continues as a result of Islamic inheritance law, while disputes over land ownership are numerous because of the lack of use of the land registry.

Only about 11 per cent of the agricultural land in the province fell under the provisions of the Act with 18,000 people potential beneficiaries, about a fifth of the rural population of the province. In all 17,88m hectares were nationalised against 38.12m which should have been. A further 12m hectares of arable land already belonging to the State were thrown in, and redistribution took place.

But it took place largely without the necessary support services. The beneficiaries were required to join co-operatives which, it was planned, would also establish small rural industries and play a general part in the rural economy. But few of

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- WHITE CEMENT, TS 21 (Corresponding to BS 4027/72)
- PORTLAND CEMENTS WITH ADDITIVES, TS 26
- POZZOLANIC CEMENT, TS 26

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TURKEY XVI

Success in foreign construction work

THE CONTRACT for 46km of curtailed both Government and double pipeline to carry water private contracts alike, it could to Mecca had been awarded at be in that direction that more very short notice. Completion of the industry's future lies.

was required urgently. But unlike many of their foreign

there were no pipeliney rivals. Turkish construction

machines available locally and

companies operating abroad use

no time to arrange for their

import.

What the contractors did have was a mechanical excavator. Ropes and wires were attached to its bucket, and a Heath Robinson pipe-laying machine rigged up. And despite two floods the contract was completed within three months.

earring the company's directors

a personal telegram of congratulation from Saudi Arabia's

Minister of Public Works and

Housing.

The contractor involved in that profitable piece of in-

genuity late last year was Enka,

one of Turkey's biggest civil

engineering groups and the

company which spearheaded the

Turkish industry's drive into

the Middle East in 1971, some

14 years after it was set up.

Turkish civil engineering

groups have built up a big

reputation in the Middle East,

in part because of the same sort

of mechanical aptitude which

keeps the streets of Istanbul

filled with pre-war American

essential imports does not apply

cars decades after the last spate

to the construction industry.

parts were available from the Turkish ministers travelling

manufacturers. So, with domes

and its diplomats

construction, once one of the stationed there have been less

high-fliers, now seriously hit by active in trying to pave the way

for the successful signing of con-

tract

of the economic crisis which has

been actively seeking more.

Yet strangely it has received

little Government recognition.

The recent concession which

allows manufacturing industry

to hold on to 25 per cent (and

sometimes more) of its foreign

exchange earnings to pay for

imported raw materials and intermediate

goods, the textile industry was

averaging nearly 70 per cent

after strong protest from the

working. Today at least one of

the biggest groups involved, Narin

Mesucat (Textiles), Turkey to the UK until the end

claims to be producing its of this year. The move followed

cotton yarn at 95 to 98 per cent

of capacity, a healthy figure by

any standards.

Exports are likewise healthy

by Turkish standards, in marked contrast to most of the remainder of the country's industry where, after years of

in all, Turkish yarn was almost total concentration on the home market, a drive on

sales abroad is just starting, prompted by the exigencies of

Between 1970 and 1976 they

grew almost tenfold in cash

terms from \$27.5m (out of total

industrial exports of \$107.8m)

to \$272.7m (against total

industrial exports of \$595.8m)

in 1976 exports were

341.7 per cent of imports

against an all-industry average

of only 15 per cent.

The figures reflect the fact

that the proportion of exports to

domestic sales is very much

higher than in the rest of the

Turkish industry: cotton yarn

exports, for example, at an

annual average of around 80,000

tonnes, account for one sector stands out in between a quarter and a third of

the industry's total cotton yarn production. This success, however,

has not been achieved without

successfully and working at

relatively high capacity levels,

arousing strong reaction from

the customer countries, coming

as it has at a time of growing

problems for the Western Euro-

pean textile industries as a

result of low-cost imports from

elsewhere.

Only two months ago the European Commission decided

after strong protest from the

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the biggest groups involved, Narin

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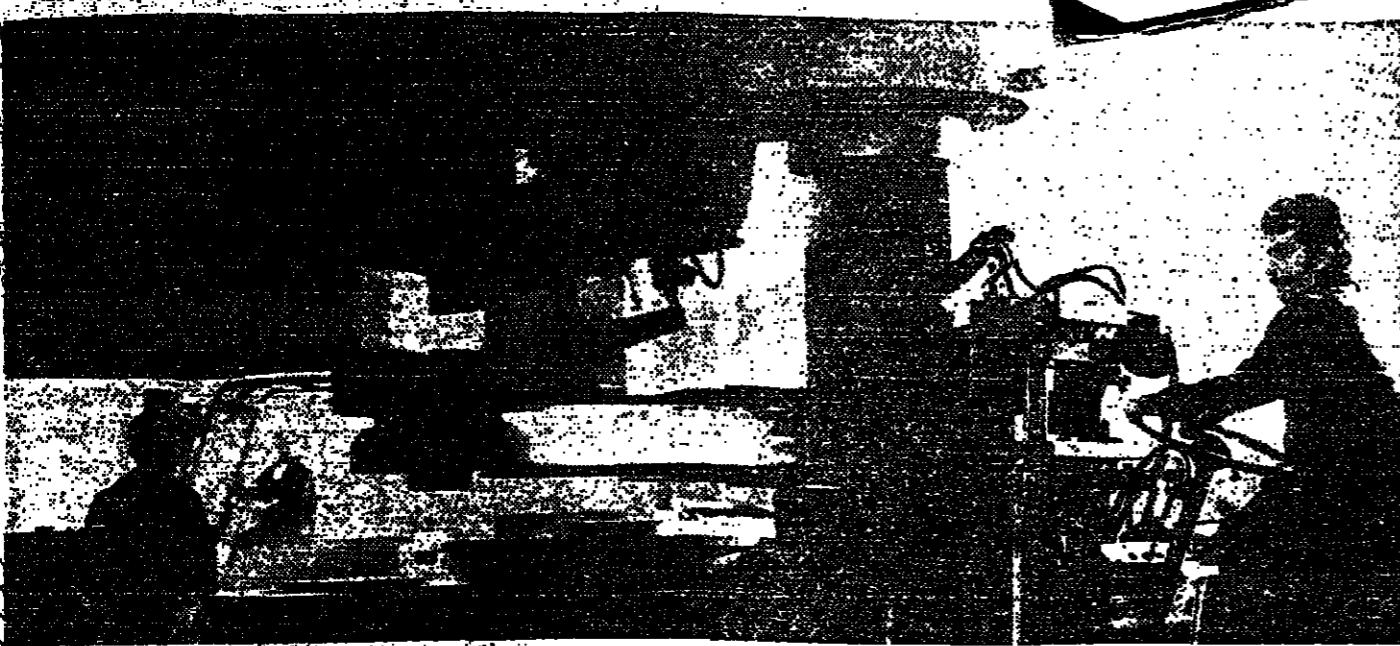
by Turkish standards, in marked contrast to most of the remainder of the country's industry where, after years of

in all, Turkish yarn was almost total concentration on the home market, a drive on

sales abroad is just starting, prompted by the exigencies of</p

TURKEY XVII

Joh. inlets



A forging press, built by Dany Ashmore Ltd., for Makina Ve Kimya Endustri Kurumi (Turkish State Steel and Chemical Industries), located at Kırıkkale

Steel sector has grown rapidly

HIGH ON the \$8.4bn shopping plant, with its smaller harbour, 5m tonnes produced has a high Turkey, and some imports, notably from Brazil, the aim is to be realised with the help of the Soviet Union last month Karabuk plant was realised with been efficiently distributed, a complex with a total capacity of 4m tonnes a year, were additional funds for British credits.

Turkey's steel industry. Like so, yet the industry has con-

tinuously failed to live up to expectations, despite an 8.6 per cent annual rise in crude steel production between 1972 and 1977. At one stage, the Russians such as the U.S. miners strike

here are ambitious plans for it to grow still further.

This reflects a perennial shortage of steel within the year, with flat at the rate of only 1.5m tonnes a year.

Consumption has been rising very fast; this year, it is currently being doubled in size

and the subject of discussions

now again like other sectors, with the Soviet Union aimed to

raise its capacity to 6m tonnes a year at a cost of \$1.25bn of

mines by 1983, a rate of 14.4 per cent a year, with flat at the rate of only 1.5m tonnes a year.

Products leading the way with a potential 1.4m tonnes a year growth

16.5 per cent a year growth

tonnes. Both it and the Erdemir plant, with a 1m tonnes capacity, had to be imported last year, with 1.6m tonnes of the total for 1978.

Turkey's main integrated steel plants, all owned wholly or largely by the state, have all been built with foreign assistance: Istimir with its deep

Some 70 per cent of the a year is currently obtained

industry's coking coal comes from within Turkey, but the coming from elsewhere in

the 1960s, the Erdemir flat products

are now over 10 per cent of the total.

Production, on the other hand, is lagging way behind: 2.3m tonnes

had only one of their two blast furnaces functioning this year, hit by problems

within the state organisation that runs the plants, leading

for example, to frequent management changes, and

more prosaically, by shortages of coking coal.

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TURKEY XIX

Sakip Sabanci

THE LAST time that Mr. Sakip Sabanci says he cried was in October last year. It was the opening of his group's \$104m tire factory, Lassa, and Mr. Sabanci explains that seeing his dreams become reality moved him as much as might the birth of a son.

Mr. Sabanci must thus expect another such tears. His group, one of the most dynamic in Turkey, is, for example, now negotiating with Mercedes-Benz over the establishment of a 10,000-per-year truck plant.

Mr. Sabanci is quick to stress the faith that Turkish businessmen retain in the future. Though he adds that the question comes down to whether the West is now discriminating against Turkey. He complains of the shortages of imported raw materials and parts, labour problems and energy cuts. These test his own factories have been working at only 50 per cent capacity, yet he says he has been able to ensure some profits.

Slight and reserved but with a warm courtesy of many such Turkish entrepreneurs, the 45-year-old Mr. Sabanci started as a tinsmith in one of the four mills owned by his father, Haci Omer Sabanci. He is now chairman and managing director of the holding company, named after his father.

This company controls more than 20 industrial firms, ranging from textiles and synthetic fibres to vegetable oils and margarines to tyres and cement. It has also just bought into accumulation in Turkey: one Philips' local operations and a year ago 67 such "holdings" were in operation.

The lynchpin of the group's activities is the Akbank, "original" like so many Turks



Sakip Sabanci

Akbank and a flourishing group of companies. But his greatest legacy—according to one rival—was his six sons. These have moved the seat of the group's operations from Adana in Istanbul and continued its remarkable growth. In terms of sales it appears to have overtaken that of the other great group in Turkey, that of Vehbi Koc.

Mr. Sabanci, who has three children, has a reputation for promoting young and able managers: "We have grown beyond the point of being able to put brother in each place."

But the family remain totally in control and though they are selling some shares to the public the question of opening the doors of the boardroom has still to be faced.

"We businessmen are tied by our hearts to the free democratic parliamentary system and the mixed economy," Mr. Sabanci, who is president of Turkey's Union of Chambers of Industry, says—a claim more frequently heard from Turkey's business men than from their counterparts in some developing countries. Indeed, for all his complaints about labour he has rarely refused a dialogue.

On a recent flight from Istanbul to London he found Mr. Abdullah Basturk, president of the radical union confederation DISK, was a fellow passenger. He moved to join him. That night the man who is often spokesman for Turkey's capitalists, and the arch advocate of class unionism were to be found at dinner, if not sipping their differences at least in temporary harmony.

D.T.

Turkey's second largest and most aggressive bank.

The holding company concept practised by the Sabancis is increasingly seen as one answer to the problem of capital accumulation in Turkey: one Philips' local operations and a year ago 67 such "holdings" were in operation.

The lynchpin of the group's activities is the Akbank, "original" like so many Turks

he was orphaned during the Ottoman Empire's battles with the British in Yemen. He started his career as a cotton labourer and up till his death, in 1966, he refused to adapt to the wealth he had made through changing his peasant accent or patronising tie shops, expensive tailors or, very often, razors.

He left behind him the

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TURKEY XX

AN INTERVIEW WITH THE PRIME MINISTER, MR. BULENT ECEVIT.

'... I haven't lost my nerve'

FT Can we start with relations the embargo stood in the way of and the EEC has been working to appoint us regarding our with the U.S.? In what way do peace in Cyprus and rapprochement in many respects. The so-called relationship with our partners you think the renewal of the month with Greece. Now that it in the west. It sufficient support U.S. embargo will now affect has been lifted, how do you see concessions or advantages and co-operation is not forthcoming your relations with NATO? the prospects?

BE The Turkish Cypriot factor. The Turkish people with their long background of initiatives it could take. It has statehood are aware of their come out with concrete responsibilities, particularly of posses. It has even extended the responsibility that falls on these regarding Varosha as you Turkey as a result of Turkey's know, but the Greek Cypriot geo-political position. As a position has not changed and it result, the reaction felt to the is now up to the Secretary Turkish economy we would not American embargo has not General of the UN to call for be able to apply for full resulted in any rash moves in resumption of the intercommunal talks.

With this negative factor removed the way is now open for the revitalisation of Turkish-American relations and co-operation. We have responded to the sincere efforts of the Carter Administration and the constructive attitude of Congress by allowing the resumption of work at those defence installations whose functions were suspended. We believe that it is impossible to dissociate military and economic matters. We stated that we would not be satisfied to confining our military co-operation to buying material from the U.S. but we would want to expand the productive capacity of the Turkish economy. We also stressed that Turkey does not want to be or to appear any more as the sharp edge of an alliance in the flank region; that we would want to make our own contribution to detente in our region. Turkey so far has lagged behind almost all other NATO allies in contributing to detente.

The best way of ensuring a country's security is to build up an atmosphere of mutual confidence with all the neighbouring countries. On the contrary, we want to revitalise our relations with the Community? Does that mean that Turkey may still want eventual full membership?

BE We are not trying to freeze our relations. On the contrary, we want to revitalise our relations. So far the say negative but — passive terrorists are against the present over.

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The pendulum settles in Portugal

BY ROBERT GRAHAM, RECENTLY IN LISBON

THE TERM "crisis" has been used so often about Portuguese politics that it has lost its meaning. In the present political crisis, Portugal has been without a government since mid-September. Eighteen months ago there would have been worried talk about the uncertain future of a shaky democracy. Now there is an extraordinary lack of concern. Neither President António Ramalho Eanes nor the political parties seem the least bit hurried to press for the formation of a new government. The suggestion that President Eanes should have presided over the formation of a new government before beginning his state visit to Britain tomorrow has been quietly forgotten.

This leisurely approach reflects a far greater confidence by the Portuguese in their own inherent stability and a decline in the overall international pressure on Portugal to set its house in order.

Obtaining a coherent view of Portugal is not easy because those most involved with developments are so intensely partisan. Lisbon is a small city, in which the main actors are easily observed. They know each other perhaps too well and all their activities are quickly, often intimately and sometimes scurrilously chronicled. Politics are conducted in a glass bowl, with trivial incidents easily magnified. This permits the more adept actors to exploit the situation through rumour or suspense. The net result is that superficial differences are exaggerated and underlying trends obscured.

In purely domestic terms, the

single most significant development over the past year has been the greatly increased use of presidential powers by President Eanes. In July, he chose to dismiss the faltering Socialist-Christian Democratic government of Sr Mario Soares. He then used his constitutional powers to appoint a Prime Minister, Sr Alfredo Nobre da Costa, unconnected with the political parties, the result of which was the formation of a technocratic government, Centre-to-Centre-Right in complexion.

This government lasted only 17 days. It was brought down by the combined opposition of all the political parties except the Social Democrats (PSD). Sr Nobre da Costa fell ostensibly because Parliament rejected his programme. However, his government was really brought down because the politicians—and not least Sr Mario Soares, nursing the bruised pride of presidential dismissal—sought to make the point to the President that the political parties had been voted in by the electorate and therefore could not be ignored by the President when orchestrating the formation of a new government.

To placate the politicians, President Eanes has now designated as Prime Minister Sr Carlos Mota Pinto. This is a clever choice: Sr Mota Pinto was parliamentary leader of the PSD until he resigned in 1975 and is now an independent. As a lawyer, he fits more into the mainstream of Portuguese tradition (like Sr Soares), while Sr Nobre da Costa is an engineer with a business background.

Although the President has grappled with a more pragmatic



President Ramalho Eanes (left)—greatly increased use of presidential powers. He dismissed the faltering Socialist-Christian Democratic Government of Sr Mario Soares (above). In July.

course, which is no small achievement. President Eanes has begun to fill the vacuum of Portuguese politics created by the absence of any one political party holding a clear parliamentary majority and the consequent need for coalitions or minority rule. Sr Soares's failure to make either minority rule or coalition work exposed the difficulties of forming a government on the basis of the present elected Parliament. Further, the constitutional limits on President Eanes now make for two basic choices: either the Mota Pinto government prepares for early elections in the spring or it must survive through to 1980 when elections are due.

Even if new elections produce

as the custodian of national life. The Communist Party will—and in this it was highly successful.

The removal of international tension over Portugal has had a subtle, but significant stabilising effect. This has been aided by the smooth manner in which neighbouring Spain has effected the transition from dictatorship to democracy. Portugal, it is worth remembering, had its revolutionary upheaval just at the moment when the twilight of Franco promised major political unknowns in Spain. The Iberian peninsula now has a bourgeois democratic face, a completely different political complexion. From 1975 when Franco was dying and the Left still had control in Portugal.

The very toughness of the IMF and Portugal's Western allies in lending money this year to Portugal suggest that they no longer accept the argument of granting soft terms because of the threat that the country will otherwise either revert to the military or return to unstable extremism.

This said, Portugal's international friends do not underestimate the precariousness of its economy. No country at Portugal's stage of development can afford to have a payments deficit equivalent to 9 per cent of GNP, as it was before the IMF-imposed belt-tightening terms in March. Among Portugal's West European and American allies, there seems a quiet consensus on the continued need, and willingness, to finance it for the foreseeable future to ensure the overall strength of Europe. This point is likely to be made to President Eanes this week by his hosts in Britain, Portugal's oldest ally.

Soviet neglect

The constitution is unsatisfactory in delineating the relationship between Parliament and President and the specific functions of both. If presidentialism is to be encouraged, and there is evidence that this has important support among certain Centre and Right-of-Centre politicians, then a change in this respect is all the more necessary. Equally important, the constitution ducks the issue of what type of society Portugal should aspire to. Yet written into the document are certain items about collectives and State control that are at odds with Portugal's commitment to joining the European Community. Joining the Community implies acceptance of a liberal market economy, and adherence to the Treaty of Rome would do, fact, if not de jure, alter some legal

provisions.

Bruised pride

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Even if new elections produce

Letters to the Editor

Not a silent pawn

From the Chairman, Wilkinson Group

Sir.—With a tightly knit team of directors of undoubted calibre, I have followed (without inheritance) a paternal entrepreneur in the construction of a company (we employ 800 people) which is the source of both profit and pride. For those who work within it, the object of respect and recognition from those outside it. Our growth in every positive respect is well above national average.

So that I am with absolute assurance that I vigorously castigate the prevalent theme of the CBI conference. Agreed Bullock is a nonsense because it concentrates on narrow confines and upon the restrictive objectives which effective participation can bring to an organisation. But it is an anachronism to suggest that a company will survive and prosper given only good profits and unfettered, highly remunerated leadership.

Look back into history. In feudal times, the rapacious leader, profitable and well remunerated, could only survive while his power permitted. But the leader who adopted, while still of strong character, a humanistic approach to those in subjugation to him, established limited communities and some home of continuity.

This lesson applies equally in the democratic world of the 20th century. While leaders of industry should rightly be adequately remunerated, and while our present levels of taxation are penal and cripple even that sensible growth, which would itself release constructive tax growth, to reward the average worker as a silent pawn in this formula is absolute nonsense.

The worker is entirely within his or her rights to have an opinion about his or her employer's decisions. As a chairman, I recognise that my decisions, and those of my board, can be rendered successful or destroyed by the support or otherwise of our workforce. In itself, in a company in which the objectives of managers and men (whom I regard as one group of people), of company and unions are identical, the probability of success is far higher. Thus real industrial democracy is essential. Lack of unity is the major cause of the UK's industrial malaise, cultivated by Conservative and Socialist politicians, certain categories of industrial leader and of trade unionist, and by that insidious sector, the uninterested (and thus parasitical) shareholder.

There is a fundamental superiority in driving leadership tempered by example and humility; over driving leadership on its own. You can drag an unwilling horse to water... In the British manager and workforce, who have the most honest and able horse in the world, but who are not yet to ride, the knowledgeable, industrious men of integrity and humanity. A fine mired stod needs a rider of calibre.

Tony Wilkinson
Wilkinson Group
Carmarthen, Dyfed
Wales.

Policy on lorries

From Mr. J. Denham

Sir.—In his defence of Department of Transport plans for an inquiry into lorry weights (London, November 8) Colin Jones manages to find virtue in the

very part of the leaked memorandum which has scandalised the environment movement. He sees nothing wrong in civil servants proposing an inquiry which would support the Department's views that weight limits should be increased.

Unfortunately for this line of defence, it is not the Department of Transport's view or policy that forty weight should be increased. The Secretary of State has repeatedly said so, and he confirmed this to a deputation of environmentalists, including myself, on November 8. It is disturbing to find that one or more senior civil servants were acting as though it were Department policy. Either the public face of the Department is different from the private face, or civil servants were conspiring to change their Minister's stated policy. This is the case. It can hardly be defended as the proper conduct of Government.

John Denham,
Transport Campaigner,
Friends of the Earth,
9 Poland Street, W1.

Above average intelligence

From the Managing Director, Zenith Electric Company

Sir.—Referring to Mr. Lisney's letter of November 9, I do not believe that the so-called shortage of skilled labour is anything to do with the level of intelligence of the work force (except, perhaps, to demonstrate that it is higher than many people would suspect).

In fact, I doubt if an aggregate, there is any shortage of skilled labour at all, because there are plenty of skilled workers unemployed in various parts of the country. The problem is a structural one—handed of Hayek, Friedman, et al, and the Welfare State ensures that it is not economically worthwhile for unemployed skilled labour to move to areas where there are shortages.

J. H. Pogmore,
Cranfield Road, Wavendon,
Milton Keynes.

Monetary system

From Mrs. C. Sheeken

Sir.—Mr. Brian Sedgemore is to be commended for disclosing the contents of the Treasury working paper on the European Monetary System to the general sub-committee of the Commons Expenditure Committee.

The decision to join the EMS, a prelude to full economic and monetary union, should not be taken without the consent of Parliament and people, and they can only reach a considered conclusion if all available information is placed before them.

What has been revealed by Mr. Sedgemore is that the Prime Minister and the Chancellor

were attempting to mislead the committee by putting before the members a Treasury memorandum outlining the background of the proposals but containing none of the harsh forecasts contained in the Treasury document with which Mr. Healey was confronted when he appeared before the Committee.

If there is a "price to pay"

(October 1971), surely we are entitled to know what we are prepared to pay it.

Mrs. Charlotte Sheeken,
Green Wing, Bromley, Kent.

Mr. E. Gurney, of course, right (November 8). There is a great shortage of skilled professional and technical people in UK industry and this during a self-inflicted slump; what would happen if we were ever to have an upturn in the economy can only be surmised.

The employee/demand ratio he postulates has, of course, been evident as a trend for some years. The pyramid of yesteryear has become pear-shaped and this reflected in the type of response received from recruitment advertising—the ratio to take typical examples per £1,000 of advertising space in the national Press—is approximately two replies from well qualified technical men in a growth industry to 350 replies for a managing director. That is how it is.

E. R. Gurney,
E. Roland Gurney and Partners,
30 Milson Street, Bath.

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COMPANY NEWS

Exchequer levy hits Westward TV profit

MR. PETER CADBURY, chairman of Westward Television, yesterday announced a 40 per cent increase in revenue for the year to July 31, 1978, to £7.9m, and estimated that the current year would show a further rise to £8.5m.

Trading profits also advanced from £1.36m to a record £1.77m, but a new doubling of the exchequer levy from £676,000 to £1,107,000 reduced pre-tax profit to £661,143, compared with £681,277.

Below the line, a reduction in corporation tax from £881,136 to £424,000 left a 12.5p per share up from 3.65p to 4.25p.

A maximum dividend of 1.8425p net is recommended. The final is 1.245p, payable December 11.

The profit included a £16,000 trading loss on Air Westward, the airline venture which began in May last year. Mr. Cadbury said that Air Westward is proving successful. The group has every reason to believe it will return break even by early next year and the next results should include a profit contribution from it.

Westward has taken full advantages of tax allowances on depreciation of aircraft and technical equipment for the television studio, but although it is possible to write off aircraft costs in the first year the group has chosen to depreciate them at a rate of 10 per cent per year in the accounts.

On the television side, Mr. Cadbury says that the company's share of national advertisement revenue in ITV has increased to more than 2 per cent. Advertising sales are continuing to grow at 20 per cent above the comparative figures for last year.

Westward intends to buy an outside broadcasting unit next year.

Mack makes good headway

Although turnover of Mack Organics, a horticultural produce distributor, remained static at around £22m, pre-tax profits for the year to April 30, 1978, jumped from £99,332 to £163,615.

Looking ahead Mr. Matthew Mack, chairman, says prospects continue to be encouraging. First quarter results both in turnover investments have generally improved and profitability show an increase.

CUBITTS Master builders by tradition



Great Western Hotel, Paddington

Properties valued at March 31, 1978, stood at £11.7m. Net asset value of board meetings at September 30, 1978, was £16.2m, including the investment currency premium of £14.85m (£14.57m).

The valuation has benefited from the continuing strong performance of the UK stock market.

Value per ordinary 25p share was 203.5p (188.5p at March 31, 1978).

Dalgety raises \$ loan

Dalgety has raised a \$123m (£83m) 10-year loan from a consortium of US banks, Mr. David Donne, the chairman, told the annual meeting.

Of the total \$80m will be used to replace shorter term borrowings. The remainder will finance acquisitions and additional capital spending in North America. Mr. Donne pointed that the group had substantial frozen food interests in the U.S. and it intended to develop those further both through acquisitions and investment.

The aim of the international food and "agribusiness" group was to balance each of its three main regions—Australia and New Zealand, North America, and Europe and the UK. At present North America only accounted for about 21 to 22 per cent of business, while Europe (including the UK) represented over 40 per cent.

Mr. Donne also said that the group proposed to continue an aggressive acquisition policy worldwide. "We have several possibilities in our distant sights," he said. "Having raised cash in sterling through our recent rights issue and now with dollar loans we are in a strong financial position to make acquisitions."

SECOND CITY

The directors of Second City Properties announced that the holders of £91,558 nominal of the 7 per cent convertible unsecured loan stock 1985-97 have exercised their rights to convert into ordinary shares. Accordingly, 63,703 new 10 shares have been issued.

The Cubitt tradition for fine civic buildings in and around London and other major cities in the United Kingdom had its beginning in 1810 when Thomas Cubitt, as first of the master builders, brought together into one team the many crafts and construction skills of the day.

Among buildings of public utility, hotels rate highly in size and vital importance, and Cubitts have built a full share of them. It is well over one hundred years ago that Cubitts built the Paddington 'Great Western Hotel', more than fifty since the Company built the 'Mount Royal Hotel', while in the last five years the 'Kensington Hilton', and the Liverpool, Heathrow and Bristol 'Holiday Inns' are reminders of the strong continuity of a great tradition.

HOLLAND, HANNEN & CUBITTS LIMITED
Thorney Lane, Iver, Bucks SL0 9HG. Telephone: Iver 652444.

CUBITTS ARE MEMBERS OF THE TARMAC GROUP.

CUBITTS

Kensington Hilton

HOTELS

Kalamazoo plans for new DP era

ENTRY INTO the micro computer field is planned by Kalamazoo. The group is currently conducting extensive research and development in this area and plans to market a range of systems using the new technology early in 1979, says Mr. T. B. Morland, the chairman.

The future aim of the group is to provide a complete range of answers to business systems problems no matter how large or how complex the organisation it serves. In pursuit of this it has become involved in a number of developments during the past year, all of which are proceeding according to plan. They include additions and refinements to its range of manual systems, extension of its mini-computer and bureau system, and software services.

Group taxable profit for the year to August 1, 1978, was up 14.5 per cent to £1.7m before a £57,000 (£50,000) bonus to the company's workers' alliance which owns 51.5 per cent of the equity. Sales were 19.1 per cent better at £71.45m and the net dividend is raised to 22.42p (£1.961p) per 100 share—as reported October 19.

On a current cost basis along the Hyde guidelines profit before tax was cut by £1.1m. An extra cost of £1.6m of goodwill and depreciation. Depreciation at £1.17m on the historic accounts already reflected inflation.

The following securities have been added to the Share Information Service appearing in the Financial Times:

NOVO INDUSTRI B (section: Overseas—Copenhagen). Prestrich Parker (Section: Engineering).

Over the last three years the company has deliberately built up its cash reserves significantly.

At the end of 1977-78 current assets included short term loans of £1.63m (£1.65m) and bank and cash balances amounted to £156,000 (£204,000).

Profit margin on sales was down 1 per cent at 17.3 per cent. This was the result of the directors' attempt to contribute to the fight against inflation by keeping prices to an absolute minimum, the chairman comments.

In September this year Kalamazoo Finance was established to fund the rental of computer equipment.

Meeting, Birmingham, December 5 at 11.30 am.

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MINING

Mr Hancock on the war-path

BY LODESTAR

LAST WEEK in conversations with mining men who have contacts in Australia as the main debating point was the Commonwealth's new minerals export policy recently announced amid a storm of protest by the Deputy Prime Minister. It Queenland, by citing it as a was not a move that pleased the industry, which is fighting a world-wide battle against costly and ever increasing bureaucratic interference in its operations.

The phrase that was particularly disliked was that "the miners were wish to enter into negotiations under new or existing contracts will be required to obtain specific approval before making any offers or responding to any offers or entering into any commitments."

Misjudgments

Then on Friday I heard the views of that ebullient Western Australian iron magnate Mr. Lang Hancock. As usual they were highly coloured by his well-known antipathy to bureaucrats in any shape or form. But they reflected the views of what had been said during my previous discussions with the mining fraternity.

Mr. Hancock reckons that of the many regulatory exercises Canberra has used to stifle Australia's development none could be more effective than the weapon of export licences, the setting of export controls in other countries to a government monopoly. He recalled many classic examples of past governmental misjudgments, starting of course with the Menzies embargo on iron ore exports imposed "with typical lack of knowledge" because it was considered that Australia would be importing iron ore by 1965. Instead the country became one of the world's largest exporters.

There was the disastrous iron ore price intervention in 1965 and the imposition of price controls on beach sand minerals, the scandal of the Fraser Island beach-mining closure and the "incredible delays and confusions concerning uranium development." Mr. Hancock claims that South African gold share market may have been overdone and that down on a coal contract resulting in the loss of \$800m (£50m) in its not selling will be interested in the future.

He agrees that some producers may find it attractive to form a common selling organisation to deal with Japan but thinks that they should be free to do this without government compulsion. But any attempt at such co-operation would be illegal under the Uranium Production Act. So, "we now see the ultimate logic of the long-term sales contract."

Competition

After all, he concludes, it is world economic conditions and the competitive mind of export licences, the setting of export controls in other countries to a government monopoly. If prices are dictated by them whether anything can be sold on the market is another matter. The Australian zinc producers found out that to their knowledge" because it was considered that Australia would be importing iron ore by 1965. Instead the country became one of the world's largest exporters.

Mr. Hancock admits that "even the most courageous manifestations of Commonwealth by the present Government see some of the heads of Australian industry agreeing with them in public." But his final shot is that they are doing so only in the hope that "the crocodile will devour them last."

Those who are bold enough to believe the depression in the South African gold share market may have been overdone and that down on a coal contract resulting in the loss of \$800m (£50m) in its not selling will be interested in the future.

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may find it attractive to form a common selling organisation to deal with Japan but thinks that they should be free to do this without government compulsion.

But any attempt at such co-operation would be illegal under the Uranium Production Act. So, "we now see the ultimate logic of the long-term sales contract."

INSURANCE

Time to look again at accident policies

BY OUR INSURANCE CORRESPONDENT

AMONG insurers issuing personal death and that insurers must accident policies, whether individual or group, it is almost standard practice for them to constrain legal rules to do what that they will pay if the policyholder is held to be liable in the event of an insured "sustaining accidental bodily injury in the course of his employment." The Canadian case is one of a long line of similar rulings by courts in the English-speaking world.

These words, or something very similar, are used by insurers not only in Britain in personal accident contracts but widely throughout the English-speaking world.

By using these or similar words, insurers are clearly anxious not to provide cover for death or disability that stems not from accident but from natural causes, or a combination of both. In the insurance reference books and law reports there are judicial decisions that show how these various restrictive words are to be interpreted.

It is clear all the consequences of an accident, however unusual, are covered by law if the wording unless and until the chain of causation has broken. For example, in *Southern Cornish* in 1960, the policyholder was involved in a motor accident, fell into water in a dazed condition and then died of shock. It was held that insurers must pay.

Less simple, perhaps, is the case in which the policyholder has some physical defect which is aggravated by accident, so that the combination of physical defect and accident result in dismemberment. On the "solely and independently" wording any death or disablement attributable partly to some pre-existing physical cause would at first sight seem not to be covered.

Following this line of thought, I was surprised to read in October's Current Law at paragraph 109, of a Canadian insurance dispute — *Robins v. Travellers Insurance Co.* — that the "solely and independently" wording had turned down on "solely or independently" grounds a claim for death or disablement for head injury by a policyholder with an egg shell skull, or of a death by bleeding from haemophilia.

Personal accident policies, particularly travel accident policies, are sold against the minimum of information provided by the policyholder. If insurers do not ask positive questions about the proposer's pre-existing physical condition, it seems that since the operation of the Statement of Insurance Practice agreed last year between insurers and the Government, they cannot complain about non-disclosure. Since the publication of the Statement of Insurance Practice, insurers have had to draft many new proposals, forms and conditions to describe the Canadian case of *Robins v. Travellers* provides a timely reminder for another look at those used for personal or contributory cause to the accident risks.

WORLD STOCK MARKETS

Indices

NEW YORK—DOW JONES

1978 Since Compt'n'n

Nov. 10 Nov. 8 Nov. 7 Nov. 6 Nov. 5 Hub Low High Low

Industrial 807.00 803.97 807.61 808.07 814.88 825.11 807.74 726.12 1081.70 41.02

Transport 852.44 851.64 851.61 851.58 854.44 855.83 851.65 852.24 1071.51 41.02

Utilities 832.90 830.88 831.84 831.77 831.81 831.81 831.81 831.81 1081.81 10.88

Trading vol. 600,000 615,762 620,416 620,322 624,936 624,936 624,936 624,936

Base of index changed from Aug. 24 1965 Day's high \$15.76 low 738.85

Ind. div. yield % 5.77 5.89 5.87 5.87 5.87

Nov. 10 Nov. 8 Nov. 7 Nov. 6 Nov. 5 Hub Low High Low

Montreal 288.22 286.77 286.57 286.57 286.57 286.57 286.57 286.57

Industrial Combined 228.51 228.51 228.51 228.51 228.51 228.51 228.51 228.51

Toronto Composite 1216.7 1216.7 1216.7 1216.7 1216.7 1216.7 1216.7 1216.7

Johannesburg Gold 221.7 221.5 221.5 221.5 221.5 221.5 221.5 221.5

Industrial 224.4 222.0 222.0 222.0 222.0 222.0 222.0 222.0

Indices and falls Nov. 10 Nov. 9 Nov. 8

Issues Traded 1,848 1,830 1,822

Sales 925 920 919

Exchanges 422 420 419

New Highs 409 408 407

New Lows 58 56 55

Nov. 10 Nov. 9 Nov. 8

Montreal 1,830 1,822 1,813

Sales 919 914 909

Exchanges 419 417 415

New Highs 408 407 406

New Lows 56 55 54

Nov. 10 Nov. 9 Nov. 8

Australia 630.13 631.78 632.00 631.50 631.50

Belgium 111.35 111.35 111.35 111.35 111.35

Denmark 88.60 88.66 88.66 88.66 88.66

France 72.4 72.4 72.4 72.4 72.4

Germany 217.0 217.0 217.0 217.0 217.0

Holland 83.5 83.5 83.5 83.5 83.5

Hong Kong 355.00 355.41 355.70 355.70 355.70

Italy 70.03 70.05 70.05 70.05 70.05

Japan 441.20 441.43 441.65 441.65 441.65

Singapore 371.25 371.25 371.25 371.25 371.25

Stocks Closing on Nov. 10 Nov. 9 Nov. 8

McFee Corp. 328.00 328.00 328.00 328.00 328.00

General Motors 328.00 328.00 328.00 328.00 328.00

Chrysler 214.00 214.00 214.00 214.00 214.00

El Paso Co. 227.00 227.00 227.00 227.00 227.00

Carrier & Gec 328.00 328.00 328.00 328.00 328.00

Amer. Elec. Power 217.00 217.00 217.00 217.00 217.00

Amer. Can. Air 177.00 177.00 177.00 177.00 177.00

Amer. Tel. & Tel. 183.00 183.00 183.00 183.00 183.00

Amer. Tel. & Tel. 183.00 183.00 183.00 183.00 183.00

Stocks Closing on Nov. 10 Nov. 9 Nov. 8

Indices and falls 100 except NYSE All Common -5

Standard & Poor's -5 -5 -5

Exchanges -5 -5 -5

Bonds -5 -5 -5

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Amer. Tel. & Tel. 183.00 183.00 183.00 183.00 183.00

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Exchanges -5 -5 -5

Bonds -5 -5 -5

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Carrier & Gec 328.00 328.00 328.00 328.00 328.00

Amer. Elec. Power 217.00 217.00 217.00 217.00 217.00

Amer. Can. Air 177.00 177.00 177.00 177.00 177.00

Amer. Tel. & Tel. 183.00 183.00 183.00 183.00 183.00

Stocks Closing on Nov. 10 Nov. 9 Nov. 8

Indices and falls 100 except NYSE All Common -5

0-1,000,000 in just 7 days!

JULY 1978

STAR

REACH FOR THE STAR, IT'S BRITAIN'S BEST BUY

MODEL'S MYSTERY PLUNGE
I DIDN'T PUSH HER — PLAYBOY

The Star is born

MEET JERI ON PAGE SEVEN **STARBIRD**

STAR

FIRST ISSUES ALL SOLD OUT

WHY? IT'S BRITAIN'S BEST BUY

HOW ABOUT THIS FOR A BRIDE?

HANGMEN OF CELL 5 GET LIFE

TURN TO PAGE 19 FOR THE SHOOT

STAR

MP's agent sweeps into a sexy tangle

LOVE THY LABOUR!

ROBERT REDFORD
Robert Redford and a rocky role

LES DAWSON
Les Dawson's life with Les... and more in the **STAR**

WIN A TR7
PLUS... in **Star** TV guide

THE GIRL FOR GUY — Page 7

JIMMY GREAVES
On the track for England — Page 20

GREAT PAGES OF SPORT

STAR

CHRIS TUBBS

BEGINS TODAY
Roddy Llewellyn's own story

SHOOTING STAR

Horror at the funfair

Woman shot dead in street drama

STAR

FOR THE STAR'S BEST BUY

POP PRINCE AND HIS TOP BIRDS

STAR NEWS
BREAD STRIKE IS ON

IT'S A NEW DAY
James Day in **The Star**

WEEKEND
TOMORROW'S STAR

LAMENT BY LYNN

TRAGIC 'LONER'

STAR

SCARE AS SUPERSTAR IS PUSHED TO HOSPITAL

ELTON'S AGONY

STAR

FREED!
The wife who killed her Romeo husband

TOOK HIS DOLE DAY

COUPLE WHO WAS BORN TO BE

SHOTS... THEN SHE HELD HIM IN HER ARMS

TODAY'S GREAT STARBIRD **TODAY'S STARFILLA**

Of course, on launch day we sold out the full print run of 1.4 million. We never expected to hold on to all those readers immediately, but over the first seven publishing days, the Daily Star has averaged a nett daily sale of over 1,000,000 copies in the Midlands and North. Quite an achievement for a paper that has started from scratch, the first national daily to attempt

such a feat in 75 years. The Daily Star is printed in the North, for people in the North and Midlands. And just how well its exciting new voice meets their needs is reflected in that million plus average daily sale.

STAR

BRITAIN'S BEST BUY

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Abbey Unit Tst. Mngrs. Ltd. (a)	Framlington Unit Mgt. Ltd. (a)	Minster Fund Managers Ltd.	Provincial Life Inv. Co.	Lid. (a)	Sav & Prosper continued	Target Tst. Mngrs. (Scotland) (a)(b)	Keyser Umann Ltd.
72-90 Gatehouse Rd, Aylesbury, 01-260-3841 3.7, Ireland Yard, EC4B 5DH, 01-348-0561	1-21 43	American Fund, Arthur, EC4, 01-823-1050	1-21 43	01-517-0830	Bisphamgate, E.C.2	19, 1st Crescent, Edin. 3, 01-22-0830	25, Blvd. St. Nazaire, 01-062-0200
Abbey Capital — 131 32 21 1 43	1-21 43	Capital Fund, Arthur, EC4, 01-823-1050	1-21 43	01-517-0830	Prudential, E.C.2	Target Tst. Mngrs. (Eng.), 01-22-0830	Forces, 01-062-0200
Abbey Fin. Tst. Fd. 56.4 36.4 1.05	1-21 43	Capital Tst. Mngmt. Ltd. (a)	1-21 43	01-517-0830	Scotia Securities, Ltd.	10, 1st Crescent, Edin. 3, 01-22-0830	Alexander Fund, 01-062-0200
Abbey Fin. Tst. 47.0 42.2 0.33	1-21 43	Income Tst. 116.4	1-21 43	01-517-0830	Scotia Securities, Ltd.	10, 1st Crescent, Edin. 3, 01-22-0830	Alexander Fund, 01-062-0200
Equities Fund 67.0 62.0 0.2	1-21 43	Old Queen St., SW1H 0BG, 01-600-7332	1-21 43	01-517-0830	Scotia Securities, Ltd.	10, 1st Crescent, Edin. 3, 01-22-0830	Allen Harvey & Sons Inv. Mgt. (C.I.)
Accum. Units 110.6 117.4	1-21 43	MRA Unit Trust. Mngmt. Ltd. (a)	1-21 43	01-517-0830	Scotia Securities, Ltd.	10, 1st Crescent, Edin. 3, 01-22-0830	1, Charing Cross St., St. Peter Port, Guernsey, 01-24-2761
Allied Hamble Group (a)(g)	Frieder's Prodvt. Unit Tr. Mngt. (a)	Halbwn Barz, EC1N 2SH, 01-600-7332	1-21 43	01-517-0830	Scotia Securities, Ltd.	10, 1st Crescent, Edin. 3, 01-22-0830	Alfred Harvey & Sons Inv. Mgt. (C.I.)
Hamble Hse., Sutton, Brentwood, Essex, 01-325-22000 (227), 211-3885	1-21 43	Prud. Portfolio Mngs. Ltd. (a)(b)	1-21 43	01-517-0830	Scotia Securities, Ltd.	10, 1st Crescent, Edin. 3, 01-22-0830	Austrian Securities (C.I.) Limited
Hamble Funds	1-21 43	Old Queen St., SW1H 0BG, 01-600-7332	1-21 43	01-517-0830	Scotia Securities, Ltd.	10, 1st Crescent, Edin. 3, 01-22-0830	Austrian Securities (C.I.) Limited
Alst. Inv. Fund 55.3 59.9 1.2	1-21 43	Murray Johnstone, U.T. Mngt. (a)	1-21 43	01-517-0830	Scotia Securities, Ltd.	10, 1st Crescent, Edin. 3, 01-22-0830	Austrian Securities (C.I.) Limited
Brit. Inv. Ind. Dev. 55.3 59.9 1.2	1-21 43	163 High St., Glasgow, G23 2EF, 01-211-2022	1-21 43	01-517-0830	Scotia Securities, Ltd.	10, 1st Crescent, Edin. 3, 01-22-0830	Austrian Securities (C.I.) Limited
Alst. Inv. Ind. Dev. 55.3 59.9 1.2	1-21 43	Mutual Unit Trust Managers (a)	1-21 43	01-517-0830	Scotia Securities, Ltd.	10, 1st Crescent, Edin. 3, 01-22-0830	Austrian Securities (C.I.) Limited
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Businessman's Diary

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Nov. 12-15	ENPOCON—Environmental Pollution Control Exhibition	National Exbn. Centre, Birmingham
Nov. 12-15	TASSET '78—Transportable Accommodation and Site Services Exhibition and Conference	National Exbn. Centre, Birmingham
Nov. 12-15	EWT—Effluent and Water Treatment Exhibition and Convention	National Exbn. Centre, Birmingham
Nov. 14-17	Careers for '78 Exhibition	Alexandra Palace, N22
Nov. 14-18	Scottish Engineering Exhibition	Kelvin Hall, Glasgow
Nov. 17-25	Home and Beauty Exhibition	Olympia, Blackpool
Nov. 18-26	International Kitchen and Bathroom Show—FIT	Olympia
Nov. 19-26	Int. Renovation and Home Improvement Show	Olympia
Nov. 20-21	British Cardiac Society Conference and Exhibition	Wembley Conf. Centre
Nov. 21-25	Broadboard Exhibition (Home Electronics)	Seymour Hall
Nov. 26-30	Wholesale Buyers' Gift Fair	Mount Royal and Mostyn Hotels, W1
Nov. 26-Dec. 1	Video Trader Exhibition	Heathrow Hotel
Nov. 4-8	Royal Smithfield Show and Agricultural Machinery Exhibition	Earls Court
Nov. 5-7	Computer Peripheral and Small Computer Systems	Olympia
Nov. 5-7	UA Automatic Testing Exhibition	Royal Horticultural Halls
Nov. 5-7	COMPEC '78 (Computer Peripherals)	Olympia
Nov. 5-8	Export Services Exhibition	National Exbn Centre
Nov. 5-8	Container Technology Conference and Cargo Systems Exhibition	Birmingham
Nov. 9-17	Performance Car Show	Metropole Centre, Brighton
Nov. 12-14	Exhibition and Display System Fair—MODULEX	Alexandra Palace, N22
Nov. 12-14	West Centre Hotel, SW6	

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Nov. 16-19	International Automatics Show	Zurich
Nov. 18-26	Automobile Show	Sao Paulo
Nov. 21-24	Trade Fair for Clothing Textiles—INTERSTOFF	Frankfurt
Nov. 24-Dec. 3	International Exhibition of Inventions and New Techniques	Geneva
Nov. 25-Dec. 3	Music Exhibition	Brussels
Nov. 26-30	Middle East Building Materials and Construction Machinery Exhibition	Bahrain
Nov. 26-Dec. 3	Raw Materials Fair—RAVARMESSE	Copenhagen
Nov. 28-Dec. 10	International Trade Fair	Dakar
Nov. 28-Dec. 10	International Woodworking Exhibition	Brussels
Nov. 5-9	Exhibition for the Development and Maintenance of Open Spaces and Sports Facilities—ESPACES VERTS	Paris

BUSINESS AND MANAGEMENT CONFERENCES

Nov. 14	IPM/ICMA: Disclosure of Financial Information to Employees	Cafe Royal, W1
Nov. 15	Economic Models: Energy Forecasts for Europe, U.S., Canada, Japan	30 Old Queen Street, SW1
Nov. 15	CAET: Group Accounting—seminar and course	Piccadilly Hotel, W1
Nov. 16	Inbucor: Salary Administration Seminar	Albany Hotel, Glasgow
Nov. 16	David Casey Associates: Health and Safety and Industrial Relations	Holiday Inn, Langley
Nov. 16	CCC: Takeovers and Acquisitions—a Business and Management Conference	Royal Lancaster Hotel, W1
Nov. 16-17	FT Conference: Business with Mexico	Mexico City
Nov. 17	City of London Polytechnic/London Chamber of Commerce: Seminar on Getting Started in Business—for those setting up their own firms	Jewry Street, EC3
Nov. 20-21	FT Conference: World Insurance	Dorchester Hotel, W1
Nov. 20-22	British Property Fed./Nat. Assocn. of Pension Funds: Conference: "Property—Progress in Partnership"	Holiday Inn, Bristol
Nov. 21	Staniland Hall Associates: British Economy in the '80s—Forecasts for Company Planning	Hilton Hotel, W1
Nov. 21	CCC: Contingency Planning for Disasters	Royal Lancaster Hotel, W1
Nov. 22	ASM: Estimating Project Costs—Seminar	Piccadilly Hotel, W1
Nov. 22-24	AGS: Executive Selection Techniques—Seminar	Cafe Royal, W1
Nov. 23-24	Wharton School: Finance and Accounting for the Non-Technical Executive	Churchill Hotel, W1
Nov. 23-24	RASE/ADAS Conference—Farm Business Tax Planning	Nat. Agricultural Centre, Kenilworth
Nov. 23	EGCU: Establishing a Joint Venture Overseas	Cavendish Conference Centre, W1
Nov. 23	CPI: Seminar on Retail Planning: Sources of current information	Strand Palace Hotel, WC2
Nov. 24	ASM: Industrial Tribunals: How to defend your decision to dismiss	RAC Club, SW1
Nov. 24	London Chamber of Commerce: Seminar on Future Trends in the Arabian Gulf	69, Cannon Street, EC4
Nov. 26-Dec. 1	Bradford University: Industrial Marketing Management	Heaton Mount, Bradford
Nov. 27-Dec. 1	IPM: Selecting the Right Candidate	Whitens Hotel, Lancaster Gate, W2
Nov. 28	NIMRA: "Richer from Rags"—the recovery and re-use of textile wastes	Regent Centre Hotel, W1
Nov. 29	FDIC: Marketing Society Annual Conference	Royal Lancaster Hotel, W1
Nov. 29	Economic Models: UK Engineering Industries Forecasts—conference	30 Old Queen Street, SW1
Nov. 30	AGS: Essentials of Employment Law	London International Press Centre, EC4
Nov. 30	Charterhouse Japicot: Conference on "Your Private Company—Maximising Wealth: Creation for you and your family"	Royal Lancaster Hotel, W2

CHAMBERS AND FARGUS LIMITED

(Seed Crushers and Edible Oil Refiners)

IMPROVED RESULTS

The Seventy-fourth Annual General Meeting was held on 10th November 1978 in Hull. The Chairman, Mr. G. H. Elliot, presided and the following is his circulated statement:—

"This year's results show a marked improvement on their predecessor. In the great disappointment is the soya extraction plant, which continued to make big losses. We reluctantly had to decide early before the end of the year to close down the plant completely. This has now been done.

We hope that the company will improve its profit again this year. Due to the removal of operating losses on the soya extraction and Refining margins remain satisfactory and we have a good funding programme. We expect to show a modest profit for the first six months.

There has been no significant change in prospects in recent weeks. The refining and crushing divisions are still performing well. Despite serious marketing, we have not yet found a way of employing the soya extraction plant economically. The alternative possibility of outright sale of this unit is being pursued. I think I should point out the very welcome fall in our borrowing ratio during the year. The position has further improved since the close of the year.

1978	1977
11,037,753	12,325,635
6	6
127,652	38,388
63,315	38,388
17,493	8,747

R-R REALISATIONS LIMITED

formerly

ROLLS-ROYCE LIMITED

Notice is hereby given pursuant to section 299 of the Companies Act, 1948, that a General Meeting of the members of the above-named Company will be held at the Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7HY, on Monday, the 11th December 1978, at 11.30 a.m. to be followed at 12.30 p.m. by a Meeting of the Creditors for the purpose of (1) receiving an account of the Liquidators' acts and findings and of the conduct of the winding-up for the tenth year of the liquidation and (2) to fill any vacancies in the representatives of Members or editors on the Committee of Inspection in the winding-up of the said Company which may occur prior to the date of the meetings.

E. R. Nicholson
W. K. M. Slimmings
K. D. Wickenden
Joint Liquidators

CONTRACTS

Military vehicle testing

HUMPHREYS AND GLASGOW has been awarded a subcontract valued at over £4m for the Property Services Agency involving the design and installation of mechanical services for a new military vehicle testing laboratory in Surrey.

Air Europe, passenger airline, has awarded an engineering and maintenance contract worth £1m to BRITANNIA AIRWAYS. The contract starts next year when the Croydon based airline takes delivery of five new Boeing 737-200 jets.

WEIR CONSTRUCTION, Coatbridge, Glasgow, has been awarded a contract, valued about £40,000, by Paterson Construction of Bedlington, Northumberland, for the supply of timber frame houses to replace 30 existing pre-fab type houses in the Valley of Den at Churnet.

BRITISH STEEL CORPORATION has given a £55,000 contract to GRADWOOD, Stockport-based engineers and manufacturers of ventilating equipment to remove fumes at the soaking pits bay at the Shotton works in the corporation's Welsh division.

CRONE AND TAYLOR, of St. Helens (a member of the Worsley Group of Engineering Companies) have been awarded a £200,000 contract by Steetley Minerals for the supply and installation of a rapid loading station at the company's Thruslington Quarry near Carnforth, Co. Durham.

BADGES

ALL TYPES IN MOST MATERIALS
FOR CONFERENCE AND EXHIBITIONS, STOCK AVAILABLE
ENGRAVING, LAMINATES,
NAMEPLATES

Advertising signs available
incorporating your emblem or logo
Key rings, leather wallets, calendars,
etc. from £1.50. Cobbold Mews, London, W11
Tel: 01-743 1131

This week's business in Parliament

TODAY

COMMONS—Nurses, Midwives and Health Visitors Bill, second reading. Proceedings on the Pensions Payments Bill.

TOMORROW

COMMONS—Motions on EEC documents on enlargement of the Community, the display and pricing of foodstuffs and on groundwater pollution.

LORDS—Electricity (Scotland) Bill (consolidation measure), second reading. Legal Advice and Assistance (Financial Conditions) (No. 2) Regulations 1978. Legal Advice and Assistance (Scotland) (Financial Conditions) (No. 2) Regulations 1978. Legal Aid (Scotland) (Financial Conditions) Regulations 1978. Debate on when the Government proposes to re-equip the Queen's Flight with modern aircraft.

SELECT COMMITTEE—Joint Committee on Statutory Instruments. (Room 4, 4.15 p.m.)

WEDNESDAY

COMMONS—Debate on motion to take note of developments in the EEC January to June 1978. Motion on EEC document on mutual assistance.

LORDS—Debate on the growth of Quangos (quasi-autonomous non-governmental organisations).

SELECT COMMITTEE—European Legislation. Subject: European studies, language tuition and student admission to higher education. Witness: Mrs. Shirley Williams, Education Secretary. (Room 15, 4.15 p.m.)

THURSDAY

COMMONS—Estates Agents Bill, second reading. Motion on the Assistance for House Purchase and Improvement (Variation of Subsidy) Order. Motion on EEC document on misleading and unfair advertising.

LORDS—Forestry Bill, second reading. Counter-Inflation Price Orders 1978. Debate on National Parks.

FRIDAY

COMMONS—Debate on the report of the Royal Commission on Civil Liability and Compensation for Personal Injury.

New Issue

All of these bonds having been sold, this announcement appears as a matter of record only.

November 1978

The Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe

Fonds de Rétablissement du Conseil de l'Europe pour les Réfugiés Nationaux et les Excédents de Population en Europe
Strasbourg/Paris

DM 130 000 000.—

6 1/2% Bearer Bonds of the Loan of 1978 (84-88) II

Berliner Handels- und Frankfurter Bank

Allgemeine Elsässische Bankgesellschaft	Bank für Gemeinwirtschaft	Bayerische Hypotheken- und Wechsel-Bank
Bayerische Landesbank	Bayerische Vereinsbank	Berliner Bank
Bankhaus Brüder Böhmann	Commerzbank	Akiengeellschaft
Delbrück & Co	Aktiengesellschaft	Richard Daus & Co.
Deutsche Girozentrale	Deutsche Bank	JG BANK
—Deutsche Kommunalbank—	Aktiengesellschaft	Deutsche Genossenschaftsbank
Hessische Landesbank	Dresdner Bank	Georg Hauck & Sohn
B. Metzler seel. Sohn & Co.	Aktiengesellschaft	Merck, Finck & Co.
Trinkaus & Burkhardt	Vereins- und Westbank	Sal. Oppenheim jr. & Cie.
	Westdeutsche Landesbank	M. M. Warburg — Brückmann, Wirtz & Co.
	Girozentrale	Westfalenbank

Algemene Bank Nederland N.V.	Banque Bruxelles Lambert S.A.	Banque de l'Indochine et de Suez
	Banque Nationale de Paris	Creditanstalt—Bankverein
	Credit Commercial de France	Genossenschaftliche Zentralbank AG—Vienna
	Gotthard Bank International Ltd.	Kreditbank S.A. Luxembourg
	Pierson, Heldring & Pierson N.V.	Société Générale

It's surprising how many companies simply buy a computer, rather than a solution to their problem.

Surely, buying a computer is little like buying any other commercial or industrial equipment. You define the task you want it to carry out, then purchase hardware capable of carrying out that task?

Defining the task is one thing. Assessing the capabilities of the equipment to carry it out is another. After all, a

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

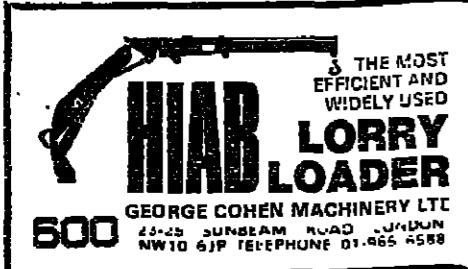
Serving the world
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MINES—Continued

AUSTRALIAN

Dividends Paid	Stock	Price	Last	Div	Yield	Ctr/Gr	Gr	P/E	Dividends Paid	Stock	Price	Last	Div	Yield	Ctr/Gr	Gr	P/E	Dividends Paid	Stock	Price	Last	Div	Yield	Ctr/Gr	Gr	P/E							
Dec. Jol's Hot Lined Int. 156	16.10	7.11	2.6	4.6	11.1	—	—	—	Nov. Jol's Hot W. 20p	7.75	2.10	19.33	2.10	8.2	June Hummeron A* 578	15.50	15.54	1.7	2.4	62.4	Aug. Aug. Brit. Ind. & Gen. 163	15.10	1.0	0.6	6.1	1.0	17.2	26.10	0.3	9.2	27.75		
Apr. Kynoch & Fins. 250	17.00	12.95	2.6	4.5	12.5	—	—	—	June Jol's Hot W. 20p	7.75	2.10	19.33	2.10	8.2	Nov. Harder Ind. 149p	225	19.0	0.67	1.7	4.0	20.25	Dec. Jol's Hot Ind. 149p	163	15.10	1.0	0.6	6.1	1.0	17.2	26.10	0.3	9.2	27.75
Oct. Or. Howard Cen. 170	27.8	1.97	1.3	1.1	12.1	4.3	3.6	—	June Jol's Hot W. 20p	7.75	2.10	19.33	2.10	8.2	Dec. Jol's Hot Ind. 149p	225	19.0	0.67	1.7	4.0	20.25	Jan. Nov. Marlon Corp. 10p	31	2.10	10.51	0.51	3.7	2.7	13.0	—	—	—	
July Jol's Hunting Assoc. 278	16.10	9.95	4.5	4.5	12.5	—	—	—	June Jol's Hot W. 20p	7.75	2.10	19.33	2.10	8.2	Dec. Jol's Hot Ind. 149p	225	19.0	0.67	1.7	4.0	20.25	Jan. Nov. Marlon Corp. 10p	31	2.10	10.51	0.51	3.7	2.7	13.0	—	—	—	
May. Nov. Nor. Ind. 149p	14.10	12.00	2.5	2.5	11.5	—	—	—	June Jol's Hot W. 20p	7.75	2.10	19.33	2.10	8.2	Dec. Jol's Hot Ind. 149p	225	19.0	0.67	1.7	4.0	20.25	Jan. Nov. Marlon Corp. 10p	31	2.10	10.51	0.51	3.7	2.7	13.0	—	—	—	
Oct. Or. Ind. 149p & 159	25.0	11.95	9.5	3.5	11.5	—	—	—	June Jol's Hot W. 20p	7.75	2.10	19.33	2.10	8.2	Dec. Jol's Hot Ind. 149p	225	19.0	0.67	1.7	4.0	20.25	Jan. Nov. Marlon Corp. 10p	31	2.10	10.51	0.51	3.7	2.7	13.0	—	—	—	
July Or. Ind. 149p & 159	25.0	11.95	9.5	3.5	11.5	—	—	—	June Jol's Hot W. 20p	7.75	2.10	19.33	2.10	8.2	Dec. Jol's Hot Ind. 149p	225	19.0	0.67	1.7	4.0	20.25	Jan. Nov. Marlon Corp. 10p	31	2.10	10.51	0.51	3.7	2.7	13.0	—	—	—	
Apr. Or. Jol's Ind. 149p	425	345	17.5	15.5	24.0	4.5	7.8	—	June Jol's Hot W. 20p	7.75	2.10	19.33	2.10	8.2	Dec. Jol's Hot Ind. 149p	225	19.0	0.67	1.7	4.0	20.25	Jan. Nov. Marlon Corp. 10p	31	2.10	10.51	0.51	3.7	2.7	13.0	—	—	—	
Nov. Nov. Ind. 149p	14.10	12.00	2.5	2.5	11.5	—	—	—	June Jol's Hot W. 20p	7.75	2.10	19.33	2.10	8.2	Dec. Jol's Hot Ind. 149p	225	19.0	0.67	1.7	4.0	20.25	Jan. Nov. Marlon Corp. 10p	31	2.10	10.51	0.51	3.7	2.7	13.0	—	—	—	
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Auditors resist CBI recruiting campaign

BY MICHAEL LAFFERTY

A CAMPAIGN to recruit accounting firms as members of the Confederation of British Industry is meeting resistance from some of the country's leading auditors.

Deloitte Haskins and Sells and Coopers and Lybrand—two of the "big eight" firms turned the idea down flat. Peat Marwick Mitchell, the biggest UK firm, says it will not be joining. A similar decision is expected from Whitley Murray and Arthur Young McClelland Moores and, probably, Touche Ross. Only Price Waterhouse says it is still thinking about the invitation and a final decision is not expected until after a partners' meeting in two weeks' time.

Already, however, the CBI has recruited two large City accounting firms—Binders Hamlyn and Tansley-Witt—and hopes to name more prestige accounting names among its 15,000 members in the near future.

Some leaders in the account-

ancy profession question whether it is appropriate for top auditors in the UK were potential to belong to the employers' CBI recruits. "We are the voice of business. By joining us accounting firms would gain the added influence of the CBI on their scene," he emphasised. "This did not mean the CBI saw itself as an alternative to the 'profession's own trade associations.'

A partner in Coopers and Lybrand, explaining why his firm would not be joining, said: "As a firm we have always tried to avoid any political involvement."

A statement from Deloitte Haskins and Sells expected from Whitley Murray and Arthur Young McClelland Moores and, probably, Touche Ross. Only Price Waterhouse says it is still thinking about the invitation and a final decision is not expected until after a partners' meeting in two weeks' time.

In contrast, Mr. Peter Lane, a partner in Binders Hamlyn, expressed surprise at these views. "The CBI is a powerful force of industrial thought. We thought membership provided us with the opportunity to learn something and contribute something."

Mr. John Warburton, responsible for the CBI campaign, said:

Members, Mr. Warburton said.

Textile towns send delegation to make Brussels jobs plea

BY RYHS DAVID, TEXTILES CORRESPONDENT

A DELEGATION from 13 local authorities in the North meets EEC officials in Brussels this week to express concern over continuing pressure on jobs in the textile industry.

The group hopes to meet Mr. Tony Trant, a senior Commission official, responsible for trade matters, and will press for effective bilateral agreements to have been reached with low-cost suppliers under the GATT multibre arrangement, but that problems remain where informal arrangements were negotiated, as in the case of the EEC's Mediterranean associates, and in October, 1979, Leeds will hold an exhibition of the winning entries in its art galleries later this year.

Many of these informal entries in its art galleries later this year at a time, unlike the five-year multi-fibre agreements, three Courtaulds fibres.

The delegation will press both for tighter controls and stronger enforcement in any new agreements being worked out for next year.

They are likely to stress that a considerable improvement in the trading environment has resulted in these sectors where effective bilateral agreements have been reached with low-cost suppliers under the GATT multibre arrangement, but that problems remain where informal arrangements were negotiated, as in the case of the EEC's Mediterranean associates, and in October, 1979, Leeds will hold an exhibition of the winning entries in its art galleries later this year at a time, unlike the five-year multi-fibre agreements, three Courtaulds fibres.

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Scandinavia to oppose air deal

BY LYNTON MC LAIN

SCANDINAVIAN countries are expected to resist an agreement with Britain for more competitive air services during talks starting in London today.

Earlier talks between Norway, Denmark, Sweden and the U.K. broke down in Copenhagen last month. No progress was made either at talks in London in August or in Oslo in June and the prospect of further failure is viewed with concern in Whitehall.

The existing air services agreement between the three Scandinavian countries and Britain will end at the request of the Scandinavians, on December 31. Failure to reach an agreement would mean the end of scheduled air services between the two regions.

Continued from Page 1

Monetary system

intervention mechanism than the as the "Government's serious UK supports, and after the doubts about the wisdom and refusal of six of the Nine to durability of the arrangements agree to any substantial increase at present favoured by some of our European colleagues."

The Commons will debate the issue in a week or ten days' time. The final statement of the British position may differ slightly in wording from the main points now expected after further talks in the EEC. It is possible that Italy and Ireland may make a similar statement.

The Prime Minister and Mr. Healey have swung against entry, primarily because of fears that the pound might be lower inside the scheme than outside.

These somewhat paradoxical doubts rest on fears that if the UK joined without devaluing, pressures might develop leading to speculation and a devaluation later in the year.

Ministers believe that a fall in sterling would be unwise electrically, and harmful to the counter-inflation strategy.

should not make that order final and binding.

Mr. Hammarskjold says that this "poses the threat of new and extended concepts of sovereignty in the field of international air transport relations."

The U.S. anti-trust laws are far-reaching in scope and effect, and once brought into play could be deemed unilaterally by U.S. Courts to extend to an co-operative actions by the airlines, even if not directly affecting the U.S.

The potential disruption in airline operations, through possible exposure to criminal and civil litigation, could undoubtedly rebound on the travelling public through disruption of air services."

Turning to profitability, Mr. Hammarskjold says that while world air travel passenger traffic has grown at a relatively strong 10 per cent over the past year, the airlines' financial results have improved only marginally.

The airlines' collective profit target of about 8 to 9 per cent of revenues from scheduled international services had not been achieved. Profits amounted to only about 1.7 per cent before tax.

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IATA

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